

3-9-67

NEW ORLEANS STATES-ITEM

ELIOT JANEWAY

Economic Woes Will Curtail CIA

(Chicago Tribune Press Service)

NEW YORK — As every reader of spy stories and watcher of TV thrillers is told at the beginning, the first rule of the intelligence game is that old pros operate in the shadows and neither ask nor expect sympathy when they collide with the spotlight.

The characteristic which Franklin Roosevelt, with his flair for the unforgettable phrase, said he required in his staff assistants — “a passion for anonymity” — is indispensable for an agency such as the CIA is supposed to have been. Efforts to drum up public support for its motives and its mission indict it more severely than any criticism could. The mere fact that it got caught makes what it did wrong, and puts an end to its usefulness.



ELIOT JANEWAY

WHEN A SCANDAL is big enough to have ethical consequences which are demoralizing and educational consequences which are corrosive, the chances are that it will also have troublesome economic consequences; and the CIA scandal does. While they have not yet surfaced, they are already operative, and they are certain to be costly — and not simply in terms of the mere dollars involved in the profligate posturing of the cloak-and-dagger biggies who spread the golden goodies around.

The CIA scandal is on a collision course with two trouble centers in our economy. One — domestic — is the labor market, which is re-

flecting irresistible inflationary pressures. The other — foreign — is the dollar market, which is under severe deflationary pressures. The revelation that the CIA had penetrated supposedly independent unions, and mobilized them into what the Communists call “transmission belts,” is bound to accelerate the labor cost push and to intensify foreign suspicion against the dollar.

THE LABOR market would be in a boil even if the CIA had preserved the integrity of its professional bona fides and stayed out of sight. If the skills shortage were not so acute, the showdown in major employing industries would already be saddling us with the same unemployment problems which were all too familiar

in the past. But the labor market is just as tight as if the boom were still going strong across the board.

In statistical terms, the ability of the American economy to run at high levels of employment, and to

bid premium wages for every skill in sight, means that it is putting on a record demonstration of strength. In money terms, no policy or power plea by government has the slightest chance of heading off sharp rises in wage costs unprecedented in time of trouble for major employers.

THANKS TO THE skills shortage, the question about the 1967 wage push is how much and how fast it will inflate costs and deflate earnings (which, in turn, will give the vicious circle another vicious spin, inflating the treasury's deficit and forcing it to deflate what money supply is left over for private borrowers after the government's needs are met).

Before the revelations of recent weeks caught union leaders riding the CIA gravy train, their members were pressing to collect whatever the traffic would bear while they could. When jobs are looking for people, war moves and recession talk always spur aggressive wage demands; and that is certainly the case now.

ANY UNION leader who tries to cooperate with government pleas to respect guideline restrictions must now expect to run into the accusation that he's on the take from the CIA. In fact, the backlash of the CIA scandal is probably putting union leaders on trial to prove their independence of the government by fighting for more instead of less.

On the sensitive subject of suspicion of the dollar, foreigners get jumpy nowadays over any episode which makes the American government look amateurish and reveals it squandering money with elaborate aimlessness. But hard evidence that the invisible hand of government is at work as an undercover agent of wage and price control will heighten speculation that the dollar is more vulnerable to inflationary pressure than it looks.

In the world in which we live, political ineptitude spells financial weakness, which means that the CIA has not only tapped the treasury but sapped it too.