

ELIOT JANEWAY

Financiers Upset Over RFK Death

(Chicago Tribune Press Service)

NEW YORK—After RFK, what?, suddenly has become the biggest guessing game in politics. The quandary is all the more baffling because no one in politics can provide the answer: Events will.

The people who normally have all the answers now find themselves in the same boat as those who are always up in the air. No one ever was neutral about Bobby. No sooner had his campaign drawn the lines between those who were for him and those who were against him than his passing blurred them.

But it is not just in politics that chaos has taken over. All economic and financial calculations are up for reappraisal too, and everyone is fresh out of dollar yardsticks.



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THE ASSASSINATION of Sen. Robert Kennedy has unsettled money-using calculations immeasurably more than the assassination of President Kennedy did in 1963. The most obvious reason is, of course, that 1968 finds the economy immeasurably more unsettled, and money users immeasurably more upset than 1963 did.

A related reason is that the terms of the bet on America's political economy had been set by the end of 1963. Kennedy had codified his program and the big question left over for Johnson was whether he could legislate it. When he did so, investment confidence ran high and gave a powerful lift to business operations which were going well on their own.

By contrast, today, only problems are new in Johnson's Washington, not solutions. It was because Johnson and the men around him persisted in relying on old slogans to cope with new challenges that they have wound up as lame ducks and, in the process, defaulted on the country's need for responsible leadership in this fateful year.

AT THE ROOT of the crisis Johnson's failure has created is the Vietnam war. Everyone knows now that Vietnam is not winnable. LBJ's grandstand TV play on April Fool's eve raised the hope that it might at least be endable. But this hope is fading fast as a relevant consideration so long as Johnson is doing the dealing for America. The realists on the other side have every incentive to sit tight

and keep the pressure on until they can take the measure of whoever takes over.

The Communist powers have every incentive as well to sit tight while America continues to be buffeted by the economics of crisis, and until Johnson's successor can be tested for his ability to work dollar markets out of the squeeze resulting from Johnson's policies—more precisely, his lack of them.

The financial backlash from Vietnam has inflated the treasury's money-raising needs; and the step-up in its borrowings has been pushing interest rates up beyond levels that are economic for private borrowers or supportable for public borrowers.

At the same time, the social backlash has been intensifying the malaise in America's cities — not merely because of the billions the government has been bleeding out of domestic circulation but, just as provocatively, because of the diversion of talent and energy from priorities so close to home and so far out of control.

Any minimal cost count of the job of jungle-clearing waiting to be begun in America's cities runs as big as the cost of Vietnam. It is too urgent to be delayed, but too big to be financed through the federal budget. There's no need to try: the hospitals, schools, nursing homes, nurseries and residences that are needed are the kind of assets which could be financed by local borrowing in the long-term market — if the federal government had not messed the long-term market up and shut it down as a conduit for urban reconstruction.

THE JOHNSON administration has overemphasized the federal budget and underemphasized the long-term debt market as the vehicle for financing progress. Consequently, it has overpromised the public on what could be expected from the 10 per cent surtax it wants; and it has overpromised Congress on what it could deliver toward the \$6 billion in spending cuts Congress wants. But Kennedy's assassination has put the government on notice to provide more, not less, for ghetto clearance. Its repercussions spell trouble for LBJ's surtax and for the market euphoria betting on it to blow our troubles away.