

FEB 14 1973

What Was Really Devalued?

NYTimes
By James Reston

WASHINGTON, Feb. 13 — Almost everybody is being very cool in Washington about the devaluation of the dollar. Secretary of the Treasury Shultz, slipping out of Alice Longworth's 89th birthday party to spring the news, suggested that we must look on the dollar crisis as an opportunity," and since then it has been discussed almost as a blessing.

This is the new thing in Washington: no-fault government. Noble principles of balanced budgets are proclaimed and then repudiated. Disastrous policies are introduced and then reversed, but nobody's to blame. It is called the "New Pragmatism" or "facing up to realities," and in the present monetary crisis, as in the withdrawal from Vietnam, there is much to be said for it.

But at best, the New Pragmatism is a recovered fumble, with a lot of lost yardage, and maybe we have to face up to the larger reality: that a lot of other things were devalued in America before the dollar, and contributed to the present monetary crisis.

In relation to Japan and West Germany, the U.S. leads in science, mass production, distribution and services were devalued in the export markets of the world long before the devaluation of the dollar. Let's face it: over

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the last two decades, U.S. management-labor relations, and U.S. competitive relations with the rising industries of Japan and Western Europe have declined.

The result was that in 1971, the U.S. had a trade deficit of over \$2 billion for the first time in this century, and last year, the U.S. deficit was almost \$7 billion. No doubt this deficit will be helped by devaluing the dollar by 10 per cent, which will make the things we sell abroad cheaper and the things we buy from abroad dearer; but the chances are that it won't really deal with the devaluation of American work, or the devaluation of American labor-management relations, or the devaluation of American products, which are often built to wear out for the affluent American market, but not to endure for the less-affluent markets abroad.

All kinds of things are being devalued in America today: the democratic process in Washington is now being seriously devalued. The President and the Congress are not really talking to one another about their common problems of keeping the Federal budget within noninflationary limits. They are fussing with one another about the Constitution, and who is in charge of expenditures and priorities, and playing politics with what both agree is one of the most serious questions of international economic policy since the end of the last World War.

Meanwhile, the larger question of politics and philosophy and national purpose are being lost in this squabble over the budget, the price of gold, and the relative value of the American dollar, the Japanese yen and the German mark.

These are obviously important questions, but they are not the main or the ultimate questions. Walter Lippmann has been in Washington this week, full of years and wisdom, and he stated the central problem many years ago.

"We are not used to a complicated civilization," he said; "we don't know how to behave when personal contact and eternal authority have disappeared. There are no precedents to guide us, no wisdom that wasn't made for a simpler age. We have changed our environment more quickly than we know how to change ourselves.

"And so we are literally an eccentric people, our emotional life is disorganized, our passions are out of kilter. Those who call themselves radical float helplessly upon a stream amidst the wreckage of old creeds and abortive new ones. . . . Those who make no pretensions to much theory are twisted about by fashions, crazes, at the mercy of milliners, and dress-makers, theatrical producers, advertising campaigns, and the premeditated gossip of the newspapers."

He was saying, in effect, what John Maynard Keynes said just before he died: that economic and financial questions were important but secondary to philosophic questions about the purpose of life, and that we had to get our purposes and objectives straight first. This is still the problem in Washington and the other major capitals of the non-Communist world.

Officials here are still talking about the value of money and power instead of the objectives of money and power, about interest rates, and material values. They are still not addressing themselves to the question Thomas Huxley asked here a hundred years ago when he visited America.

"There is something sublime in the future of America," he said. "But do not suppose that I am pandering to what is commonly understood by national pride. I cannot say that I am in the slightest degree impressed by your bigness, or your material resources, as such. Size is not grandeur, and territory does not make a nation. The great issue, about which hangs a true sublimity, and the terror of overhanging fate, is what are you going to do with all these things?"

This is still the unanswered question in Washington, and it is obviously not going to be solved by the devaluation of the dollar.