

D'Escoto's Amigos at the Riverside Church

S. Steven Powell

Responding to a cheering crowd at the Riverside Church on October 2, 1983, Nicaragua's foreign minister, Miguel D'Escoto remarked, "I'm here among old friends." Mr. D'Escoto was kicking off a two-day conference sponsored by the Riverside Church Disarmament Program. The old friends he referred to were assorted radical and peace activists gathered to strategize and organize under the auspices of William Sloane Coffin, the church's senior minister; Cora Weiss, director of the church's disarmament program; and her husband Peter Weiss, chairman of the board of the Institute for Policy Studies (IPS).

Mr. D'Escoto won the audience's immediate approval, exhorting that "American democracy is a farce that makes absolutely no difference to the people because they continue to play musical chairs in Washington." Though he expressed pride in the motto of the fourth anniversary of the Sandinista victory, "arms to the people," Mr. D'Escoto reviled the United States for its "militaristic policies" and "repressive hideous interventionist crimes." Further, he pointed out that Nicaragua was one of the few countries that can boast that "it gives arms to all the people." Riverside applause came most thunderously when Mr. D'Escoto asserted that "no other Latin American country has moved forward toward democracy in these last four years as Nicaragua has."

William Sloane Coffin was elected senior minister at the prestigious and heavily endowed Riverside Church on New York's upper West Side in 1977. Since then, the pulpit has become a mouthpiece for IPS, a Washington-based think tank conceived in socialism and dedicated to the proposition that Third World revolution is inevitable. The IPS-Riverside association is no accident, for the Reverend Coffin was an intimate friend of Cora Weiss, the chief financier of IPS, when he brought her into Riverside to head up the disarmament program. The Reverend Coffin had seen her in action when they traveled to Hanoi together in 1972.

On an earlier trip in 1970, Mrs. Weiss set up a Committee of Liaison with Families of Servicemen detained in North Vietnam, to serve as sole conduit for mail and communications between American prisoners of war and

their families. According to the 1970 annual report of the House Committee on Internal Security, the Committee of Liaison was "a propaganda tool of the North Vietnamese Government, playing upon the hopes and anxieties of the wives of American prisoners of war for communist propaganda purposes." Her husband, Peter Weiss, a prominent attorney with the National Lawyers Guild, has filed suit against the CIA and attempted to defend the terrorist Baader-Meinhof gang in West Germany.

For the Reverend Coffin, the Weisses, and their colleagues at IPS, there are no enemies on the Left. The two-day Riverside conference emphasized redoubling the network's efforts to "stop the interventionist Reagan foreign policy while there is still time" so as to allow the "Nicaraguan process of revolution without borders to continue."

For IPS and Riverside, human rights are not an issue in Cuba, Nicaragua, or other such liberated countries because these are progressive "people's democracies," whereas in El Salvador, Guatemala, and Honduras, human rights violations are a stick with which to beat the U.S. government over the head.

Mike Klare, an IPS fellow, told his conference workshop that in regard to Latin American policy, "we're dealing with a web of lies and half-truths in the Reagan administration." Another workshop focused on techniques of lobbying to influence Congress. Mrs. Weiss and IPS have been working closely with the Coalition for a New Foreign and Military Policy, the National Council of Churches, and a network of special-interest groups to lobby Congress. For instance, several months ago upon her return from Nicaragua after consulting with members of the Sandinista directorate, Mrs. Weiss sent an urgent communiqué to the network to "take the next ten days to generate letters, telephone calls, and mailgrams to Congress . . . asking them to support the Boland-Zablocki Amendment," so as to stop the covert operations against Nicaragua, challenge the thrust of the administration's Central American policy, and put further

S. STEVEN POWELL is a Ph.D. candidate at the University of Chicago.



Clockwise from upper left: Peter Weiss; Miguel d'Escoto and the Reverend William Sloane Coffin; Tom Wicker; Cora Weiss and Miguel d'Escoto.

restrictions on overt aid. Just as the outcome of the nuclear freeze resolution was largely influenced by this same unrepresentative network of left-wing lobbies, so the Boland-Zablocki amended bill ended up being passed in the House of Representatives. Hailing this as a partial victory in the September 1983 issue of the church's newsletter, *Disarming Notes*, Mrs. Weiss then encouraged the network to mount a massive blitz lobbying effort on the Senate, with "special attention to the Senate Intelligence Committee," focusing on "Durenburger (IR-Minn.), Chafee (R-R.I.), Cohen (R-Me.), Roth (R-Del.), Moynihan (D-N.Y.), Inouye (D-Hawaii), Bentsen (D-Tx.), Huddleston (D-Ky.), and Biden (D-Del.)."

The IPS-Weiss network is a power to be reckoned with if only because of the groups' access to hundreds of millions of dollars in the Rubin Foundation, the Rockefeller endowment to Riverside, the coffers of the National and World Councils of Churches, and the dozens of foundations that fund the Left. The network also has close ties with the press.

Frank Mankiewicz, recent long-time president of National Public Radio, and Karen DeYoung, senior foreign editor at the *Washington Post*, are regular faculty members at the IPS Washington School. Last year, Cora Weiss contributed \$1 million to Columbia University to establish the Samuel Rubin Program for the Advancement of Liberty and Equality through Law, which duly appointed

Anthony Lewis of the *New York Times* as Samuel Rubin Fellow for the 1982-83 year. The chair is named for Mrs. Weiss's father, founder of the Fabergé cosmetics firm, who was a registered member of the Communist Party U.S.A. and a staunch supporter of the Bolshevik cause. Tom Wicker appeared at the Riverside conference after Sandinista Foreign Minister D'Escoto to recount his recent visit to Nicaragua. In good form he reported, "I didn't find any evidence at all that the problems there were a product of agitation by the Soviet Union, or Cuba or Cuban influence."

In November 1983 the Riverside Church conducted a workshop on "nonviolent direct action" in preparation for history's most massive and protracted civil disobedience exercises to be staged outside missile contractors in the United States and proposed missile sites in Europe. And in the September issue of *Disarming Notes*, Cora Weiss announced that "in cooperation with other peace groups, the Riverside Church Disarmament Program will be mobilizing thousands of Americans to oppose the deployment of new U.S. missiles in Europe in December 1983 and to work toward the goal of making Europe a 'Nuclear Free Zone.' " Of course, the problem that Cora Weiss and her IPS colleagues face is persuading the Soviets to make Eastern Europe nuclear-free as well. As for civil disobedience, the Soviets have recently demonstrated their ability to deal with that problem in Poland.

The Cure for Monetary Madness

How to Reduce Uncertainty and Risk—and Thereby Encourage Economic Growth

Allan H. Meltzer

From 1947 to 1964 the United States maintained a relatively stable monetary framework under which many countries recovered, developed, and prospered. Inflation remained low in the United States and in other nations that tied the values of their currencies—their exchange rates—to the dollar. The framework and the procedures were not ideal, but they produced greater stability than the monetary systems that preceded or followed.

The system of fixed exchange rates based on the dollar, known as the Bretton Woods system, formally ended in 1971 when President Nixon allowed the exchange value of the dollar to be set by market forces. Holders of dollars and dollar securities became less certain about the long-term value of the dollar. Long before the Bretton Woods system ended, however, uncertainty about monetary policy and the future value of the dollar had increased. Inflationary policies after 1964 had eroded much of the credibility of the U.S. commitment to a fixed exchange rate and a noninflationary monetary policy. The unwillingness of the United States to change its policies and the unwillingness of other countries to increase their rates of inflation or change their exchange rates against the dollar had doomed the Bretton Woods system.

Misplaced Nostalgia

Many people look back on Bretton Woods nostalgically. They would like to restore some type of fixed exchange system to recapture some of the stability that enabled countries to achieve the benefits they associate with that system. There are several proposals. Some want to establish a world central bank that would issue a common money to be used as reserves and for settlements between national central banks. Others propose a return to some type of gold standard.

Such proposals misinterpret the experience of Bretton Woods. Fixed exchange rates were not a cause of increased stability and the relatively high growth of the world economy during those years. They were the *result* of the relatively stable policies followed in major trading countries, particularly the monetary and fiscal policies of the United States. From 1953 to 1964, when the Bretton Woods system flourished, budget deficits remained small

on average, and the most common measure of the U.S. money stock—currency and checking deposits—rose at an average annual rate of less than 2½ percent. In the succeeding seven years that ended with the breakdown of the system, average U.S. money growth rose to 5 percent, and the variability of money growth increased.

By the early 1980s, monetary variability had increased dramatically. Actual rates of money growth bear little relation to targets announced by the Federal Reserve. No one can guess whether monetary policy will produce another round of inflation, a severe deflation, or a period of disinflation. No one can be certain whether money growth will be fast or slow.

The effect of unstable monetary policy has been compounded by increasing uncertainty about the world trading system and the fiscal policies of the major Western economies. For 30 years after World War II, businesses making investment decisions could be reasonably certain that trade barriers around the world were gradually coming down. Protectionist pressures began building in the midseventies, however, and during the recent recession these pressures intensified. Recent tax cuts in the United States have led to enormous uncertainty about who will eventually pay for the mounting deficits: If future taxpayers must pay, on whom will most of the tax burden fall?

The higher risk and uncertainty are a principal reason that real interest rates have remained above their postwar norms. Greater uncertainty about the future discourages investment in real assets and encourages people to hold relatively safe assets, such as currency, insured bank deposits, and short-term debt. The attempt to shift from long-term debt, land, common stocks, and other real assets to these safer assets raises the real rate of interest on long-term debt and on real assets. In principle, the increased demand for money and short-term securities may raise or lower the real rate of interest on short-term securities. If long-term debt is a closer substitute for

ALLAN H. MELTZER, a member of the Policy Review editorial board, teaches economics at Carnegie-Mellon University.