well as European-owned ones machinery and equipment for that project.

It is my hope that Japan will intensify cooperation with the United States in securing orders for such large projects in the future. In its export strategy hereafter, Japan is required to deversify its markets abroad with large-scale plant business as its nucleus. Recently our company secured an order for a steel mill in Brazil. But this success was due to our having combined the equipment of American and Japanese manufacturers into a package.

For the international development of the U.S.-Japan economic cooperation, the Pacific area will be especially important, that area is more dynamic than any other region of the world, and the focus of the world economy is expected to shift there. The Pacific area has major industrial countries like the United States and Japan as well as middle income countries like South Korea, Taiwan and Singapore which have the potential of high growth, and is endowed with a rich variety of natural resources...

In the Pacific area, the Association of South East Asian Nations, or ASEAN, consisting of Indonesia, Singapore, Malaysia, Thailand and the Philippines, is stepping up its integration through a joint program of industrialization.

Japan wants to render cooperation and assistance to their industrialization but it will be more effective if the United States will join us in our efforts. Japan cannot afford to take total responsibility for the industrialization of the developing countries in Asia...

Change Exim Into Bank For Nuclear Export

The following statement was released on on Nov. 11, 1977 by Criton Zoakos, U.S. Labor Party Director of Intelligence.

In response to the recent series of attacks on the U.S. Import-Export Bank coming from City of London circles, the U.S. Labor Party is proposing to recharter the presently dormant Bank to open up the world markets for United States exporters and to bring U.S. industrial production back to full-employment levels. The USLP's drive to recharter the Exim Bank as a national financial institution in the tradition of Alexander Hamilton aims to put the newly chartered Exim Bank in place by Jan. 1, 1978 when the so-called Rambouillet Agreement expires. To wait until October 1978, when the Bank's current charter expires would be suicidal both for the U.S. dollar and the high-technology, capital-intensive industries of the nation.

BANKING

Labor Party executives and spokesmen, in discussing the relevant issues with industrial, trade-union, and political representatives, will emphasize the following principal points to form the framework inside which the rechartering of the Exim Bank is considered:

First, there is no need for federal agencies to provide new, i.e., inflationary, liquidity in order to stimulate industrial production back to full employment levels. Such liquidity already potentially exists in the form of approximately $300 billion Eurodollars held by foreigners as claims against future U.S. production. This immense source of liquidity must be diverted from its present, destabilizing speculative employment in the world money markets and channeled into financing high-technology, hard-commodity trade-transfers.

Second, the Exim Bank must be reshaped into a policy instrument with the authority to implement trade and credit strategies to accomplish the rechanneling of existing Eurodollars into hard-commodity trade deals. The present status of the Exim Bank as a modest credit-dispensing agency of the federal government must be drastically augmented. The Bank must be given authorization to raise its own capital for the pursuit of its trade expansion objectives. Given the size of annual turnover in the Eurodollar markets, the Bank's capitalization ought to be in the order of $50 to $200 billion dollars — that is, 10 to 40 times its present level of $5 billion. This would give the opportunity to holders of short-term Eurodollars assets such as the OECD central banks and the OPEC nations to convert their holdings into either subscription capital or long-term loans tied to hard-commodity, high-technology trade deals.

Third, the Exim Bank's new charter will explicitly incorporate, as the purpose of the Bank, the principles of industrial and technological growth as articulated by Alexander Hamilton in his Report on Manufactures. The purpose of the Bank will be to mobilize existing world dollar liquidity, namely international Eurodollar liabilities of this nation abroad, to augment world demand for U.S. industrial products and technology. Just as in the case of Alexander Hamilton's First National Bank, the rechartered Exim Bank's purpose will be to transform this nation's liabilities into credit for this nation's industries.

Fourth, because of the international nature of the Exim Bank's operations, the new charter of the Bank must give it authorization to negotiate agreements with foreign authorities. Since OECD central banks, the principal holders of Eurodollars, cannot be expected to underwrite policies that would benefit U.S. exports exclusively, the Exim Bank should be authorized to negotiate agreements which augment the world economy's exporting capacity as a whole. Eurodollars per se must be viewed as those credit instruments which will give effective articulation to the potential demand that exists around the world for high-technology U.S. exports.

Our high-technology industries are at present languishing at home because this potential overseas demand has not been matched with effective overseas dollars.

Such a rechartering of the Exim Bank will have immediate salutary effects on the presently chaotic international credit markets even before its tangible beneficial effects are felt in the area of industrial production and commerce. As such, this move constitutes the most effective defense of the integrity of the U.S. dollar. It gives the United States a powerful weapon for combatting the monetarist speculators operating out of the City of London, and an effective lever for cooperation with those industrial and banking interests in Western Europe and Japan who are committed to policies of industrial revival on the basis of joint East-West efforts to industrialize the developing sector of the world economy.

Run On Yen Throws World Monetary Policy Off Balance

Last week's run on the Japanese yen, which saw the imposition of strict exchange controls by the Japanese authorities on Thursday and a stupendous rise of the yen from 248 to 243 to the dollar on Friday, marks a turning point in the current monetary instability. Between the Nov. 9 testimony before Congress of Federal Reserve Chairman Arthur Burns, and the Nov. 14 speech before a New York business audience of Bundesbank President Otmar Emminger, leading central bankers announced a plan to stabilize the dollar. Under massive pressure, the White House and Treasury carefully tailored their public statements to smooth out differences with Burns, leading to speculation that the 73-year-old chairman would be reappointed to another term in office. Praising "the dollar's bodyguard," Emminger commended Burns and proposed greater coordination of central bank activity to support the dollar.

FOREIGN EXCHANGE

But the crux of the central bankers' orientation was not mere intervention, but a deliberate plan to dry out international lending and impose "stabilization" programs on deficit countries. the theme of the Emminger address. Since the growth of international dollar-denominated liquidity is the fuel for speculation against the dollar, the central banks decided to reduce the available liquidity.

Nonetheless, the break against the yen was prompted not by any feature of the liquidity situation, but by the open protectionist threats against the Japanese from U.S. officials, including a special White House delegation that met with Japanese leaders Friday. By putting extreme pressure on the Japanese, Treasury Secretary Blumenthal once again triggered off a run against the dollar. Through spillover effects of the yen turmoil, the dollar weakened in Frankfurt to 2.2430 to the deutsche mark today, around its all-time low.

In his speech Emminger aimed a careful attack at the Japanese for intervening "against market force" to keep the value of their currency down, unlike West Germany — indicating that he was willing to throw the Japanese overboard in order to prevent an immediate collapse of the dollar. Presumably, the central banks anticipated the events on the Tokyo foreign exchange market.

What they could not have anticipated was the fashion in which the Japanese would fight back. Dow Jones ran a wire at 8:21 Friday morning noting the demands for "drastic measures" to reduce Japan's current-account surplus from the U.S. delegation in Tokyo. A second wire, at 8:23, announced the signing of a five-year Japanese-Soviet accord on nuclear fission and fusion research. Observers here expect a sharp Japanese policy turn towards the Soviets in retaliation for U.S. economic warfare.

That throws the entire Burns-Emminger game off balance, and upsets the flimsy array of "political deals" between the Administration, the Federal Reserve, and the U.S. business community — let alone the Europeans. Any attempt to reconcile all the necessary parties to a totally incompetent economic policy will not wash in present circumstances. It had to break, and it broke in Tokyo first.

Why Burns and Emminger Are Fools

The central bankers were using a sophomore accoun-