

to that office. The duty of the President is to rally especially those forces of the electorate, outside the British corrupted liberal and radical strata, which are organically committed to the principles — the anti-British principles — on which this nation and its Constitution were founded.

The continuing, fundamental difference between the United States and the United Kingdom is the difference between the American system and the British system of political economy. The American system is based on the principle of scientific and technological progress both for our own nation and the world. This commitment is addressed to a more fundamental moral purpose, that of providing a society in which the essential human qualities of the individual citizen, his or her creative powers for discovering, transmitting, and assimilating knowledge, cause the citizen to value himself, herself and others for those distinctively human qualities.

The British system is based on the objective of preserving the rule of an hereditary oligarchy allied with the British monarchy. This oligarchy regards scientific and technological progress as the fundamental source of threats to its continued hegemony. That oligarchy is committed to slowing down technological progress in England itself as much as possible through keeping the rest of the world in relatively greater technological backwardness with respect to Britain. Morally, the British oligarchy is committed to halting technological progress as much as it deems feasible, to keeping the bulk of humanity in the backward, labor-intensive state which causes man to resemble morally a lower form of animal life, a beast whose labor and mode of existence are unchanged from generation to generation, just as a beast's behavior is essentially unimproved over the duration of the existence of specific varieties.

This difference between America and England was the irrepressible issue of the American Revolution. England, whose policies were typified by the wretched hoax, *The Wealth of Nations*, written by the liar Adam Smith, proposed to keep the United States in a rural-centered relative backwardness, to prevent our forefathers from developing industry and advancing our methods of commerce and agricultural technologies.

It is not surprising or accidental that the British-influenced liberals and radicals among our population and that of other nations should have been used for zero-growth movements by networks of British Secret In-

telligence Services or should be spouting the same British policies of anti-industrialist zero-growth against which the American Revolution was fought.

This is not only a matter of adhering to our Constitution, our Neoplatonic-humanist traditions. Economic development through advanced technologies is not only the absolute imperative for the human race today. Economic development, the emphasis on the creative powers of the mind of the citizen, is the indispensable practical framework of daily life in which the citizens regard themselves and others as human beings, and not as akin to lower beasts. There can be nothing but hypocrisy to speak of concern for "human rights," and to tolerate those zero-growth, antinuclear policies which deny persons the right to regard themselves as human.

The economic policy of the United States must always be a continuation of those principles governing the intent and efforts of those European humanists who made our nation possible. We exist to be a force through which the world is freed from the vestiges of decayed oligarchies and oppressive backwardness of all kinds.

Through our evolution as a nation, that continuing national moral purpose assumes a specific economic policy form. We have the most developed labor force and matching technological capabilities of any nation of the world. Our destiny, our duty, our opportunity lie chiefly in continuing to develop as the most advanced tool-maker for the world, the world center of fundamental scientific research, the ever-advancing technological giant whose export of high technology capital is the crucial element in the technological progress of other nations.

The world-historical task embedded in the foundation of our nation is only half accomplished. Until the world is transformed as our predecessors from Thales, Plato, and others understood it must be transformed, the United States must be the principal revolutionary instrument through which the whole of our species is brought into the adulthood of humanity. Our present role as the world's leading producer of advanced capital goods, as the world's scientific leader, is the central form of that task, as far as the future can be envisaged. If we recommit ourselves to the moral purpose underlying our long battle against England, we shall succeed for the foreseeable future, and shall have thereby laid a foundation such that we need not fear what fate may be instore for us beyond the foreseeable decades ahead.

Healey Budget Makes It Official:

Sterling In For Rout

British Chancellor of the Exchequer Denis Healey took a major political gamble last week in the announcement

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of his Spring Budget...and promptly lost, as world markets turned their backs on his attempts to create a stable atmosphere for the pound.

Heavy intervention from the Bank of England has prevented any precipitous drop in sterling since the budget's revelation, but the London Stock Exchange dropped 18 points in two days.

As one Rothschild family-linked banker put it, "The markets perceived, in spite of the *New York Times* coverage of it as reflationary, that Healy is deflating because the pound sterling is weak—he has to prop it up. In reaction to his efforts, most of our clients are pulling

out of British investments—and Britain will have its second fall in foreign exchange reserves in a row when they are next announced, triggering an even greater possible outflow.”

Indications that the U.S. dollar will be stabilizing has increased realization on the markets that the so-called British recovery is illusory. If the dollar strengthens, foreign investors have little reason to hold sterling as a “hedge” against the dollar, and the huge sums that the Bank of England has spent in market intervention in the last few weeks indicate that the collapse of the pound has already started.

Foreseeing the rise in the dollar, and the adverse effect that this would have on their ability to keep the pound buoyant, the British government is attempting to partially fund the earlier repayment of government debt (£1 billion this year, according to Healy) by floating major bond issues in New York. With the Euromarkets swimming in unwanted British paper, the government hopes to get U.S. investors to fund their deficit to the tune of \$350 million in the first issue. The lead banks and investment houses for the issue, First Boston, Morgan Stanley, and Salomon Brothers, when informed that the British are looking to the U.S. for funds while simultaneously bent on “dethroning” the dollar from its lead position in the international monetary system, indicated that they would be “reevaluating” their support for the issue, especially given the possibility of Congressional backlash against such funding attempts.

Hot Money In—Hot Money Out

A barrage of warnings from the City of London over the last two weeks indicated that the big inflow of foreign “hot money” into London since last July’s decoupling of the dollar and pound could soon flow out just as fast—especially if the dollar stabilizes. New York banking sources have indicated that \$20 billion has flowed into London since July. Of this, \$6 billion is held by the U.S. and is now in the process of being withdrawn. Additional funds, amount unspecified, are held by foreigners who are similarly liquidating their holdings, sources said.

The advice from the City, offered in several editorials from London’s major newspapers, is that Healey should ignore demands from the unions and industry to channel funds into industrial investment and instead announce a strict austerity budget which would boost confidence in the pound and therefore stop the ebb of sterling from the City.

By taking up the City’s advice, Healey has risked political oblivion: the press is already warning that this will be his last budget, and is even mooted the fall of the Callaghan government if the small Liberal Party breaks its parliamentary pact with Labour and swings its votes to the opposition Tories. Since the net value of Healey’s “reflationary” measures was £2.5 billion, significantly under the £3-4 billion demanded by the Liberals, there is a good chance that this could happen, precipitating a general election significantly before the autumn date that has been suggested by leading Labour Party officials.

In exchange for the City’s confidence, Healey has bargained away any hope of even the most tentative recovery in industrial activity. On April 11, Healey announced that the Minimum Lending Rate (bank rate)

would be hiked to 7.5 percent, a desperate move to keep funds in London as money is attracted into U.S. government paper, but a sure sign that interest rates for investment will be climbing steadily upwards, inhibiting much-needed capital investment in industry. At the same time, Healey’s “reflationary” measures, predominantly tax cuts for individuals, will at best fuel a “consumer boom” to get the government through election. Production figures are expected to be boosted by a measly 0.75 percent to a total expected growth of 3 percent in the next year. So far, this year’s production levels have remained significantly below even this figure.

Dollar Stabilization with Bullish Signs

During April 10-13, the dollar held relatively steady in the foreign markets, as it had the week before, despite the news of a \$4.5 billion monthly U.S. trade deficit which had not been prediscussed. London and New York sources predicted President Carter’s economics address April 11 would send the dollar into a new tailspin, if it did not contain hard contractionary pledges including oil-import cuts or wage-price controls. Nothing of the sort occurred, despite an April 13 *New York Times* headline, “Dollar Sags Abroad After Carter’s Speech” which itemized tiny sags in the Italian lira and so forth, but somehow omitted to discuss the state of the pound sterling at all.

Amid mounting rumors that the dollar’s chief enemy, Treasury Secretary Blumenthal, is under pressure to resign, the U.S. stock market gained 9 points April 13, reaching its best level since Nov. 11, 1977. One of Wall Street’s key international brokerage houses reported the same day that “you wouldn’t believe the confidence in the dollar in the past few weeks, tremendous European interest in U.S. convertibles (corporate bonds with a stock option), and it takes a big change, because of the high conversion premiums, to get these investors to move into these things.” The Swiss are reported to be especially active in buying dollar-denominated bonds; and, according to another leading securities house, Swiss bankers agree that the dollar has bottomed out, with the yen the only possibility for further appreciation against the U.S. currency.

Dollar Investment Opportunities

In Japan, the government made one of its not unusual statements April 13 that in fact the yen had “peaked.” More important are reports that for the first time during a dollar rebound, Japanese financial institutions are looking for opportunities in dollar investments of various sorts. According to an unconfirmed AP-Dow Jones wire April 12, corporations which have borrowed via yen-denominated bonds are trading in the yen proceeds for dollars, additionally showing confidence that bond repayments will not be too costly in terms of a stronger yen and weaker dollar. To the extent that European and Japanese business and financial elements, then, are voting with their feet for the dollar, this is a promising development to back up West German Financial Undersecretary Manfred Lahnstein’s April 12 statement to the German-American Chamber of Commerce in New York that the dollar has now stabilized and may rise to the (still modest) level of 2.10 deutschemarks to the dollar.