

international markets. In so proposing, Emminger is squarely ignoring the ABCs of sound banking practice, that inflation and excess liquidity must be dealt with by forcing it into channels whereby expanded production will result, thereby giving a hard commodity content to the hitherto bloated paper. Emminger should know better, since the U.S. Labor Party's proposals for an Eximbank solution to the excess dollar liquidity and a

related proposal for a gold-linked Luxembourg private development bank are well-known in Bundesbank circles. Indeed, it is no secret that there is a gold faction within his own ministry and that there is a similarly minded grouping within the West German Finance Ministry. It is reported that Mr. Emminger, while not so minded himself, would acquiesce if a "steamroller" developed. Unfortunately, the world has need of leaders now, not tag-alongs.

Nothing Short Of Global Economic Development Will Work

The following analysis was issued on Jan. 21 by Warren Hamerman, U.S. Labor Party National Executive Cttee. member.

Humanist political forces committed to economic development through energy and technology-intensive programs, can usefully recall the profound significance of Charles De Gaulle's repeatedly correct basic economic and strategic policy of emphatically saying "Non!" on issues to what became politely referred to after the 1957-58 recession as the "sick man of Europe" — Great Britain. De Gaulle's political-economic orientation is especially timely at this moment, little more than one week before the Rambouillet Agreement against central bank gold transactions expires.

Provided that industrial-development factions in the United States understand and act upon the U.S. Labor Party's proposed interim measures for expanding the Export-Import Bank as a key strategic piece of an overall world economic reorganization, Luxembourg will shortly be thriving as the concentration and centralization center of European gold and money markets, transforming Eurodollar liquidity from the OPEC nations and OECD central banks into the seed crystal of a new world-trading monetary system. The totality of the U.S. Labor Party-proposed package centering around the Eximbank, is designed to create an immediate gold-reserve base — for hard-commodity trading currencies engaged in international capital lending to the developing sector and Comecon — to finance vast amounts of United States and other OECD exports. The economic solution of real growth is to be fueled by nuclear energy development, around a series of developing sector large-scale, capital-intensive economic development projects and technology transfers.

Symptoms

Among many in the United States who describe themselves as policy sympathizers of the U.S. Labor Party's Eximbank proposal, there exists an unmistakable pattern of silly and dangerous perceptions that it would be better to depoliticize the overall implications of the Luxembourg-Eximbank proposal so as to cleanly, quietly, and less controversially pass it into implementation.

The attitude of some that the U.S. Labor Party proposal is a "beautiful technical solution" is closely

associated with the rampant timidity of this nation's leading corporate, banking, and commercial institutions who plan to testify at the upcoming Stevenson hearings on U.S. export policy. Therefore, they protest from the following "shrewd" standpoint: since, some lobbyists reason, we could never defeat the anti-progress potentates already in governmental authority, we will instead push very hard for expanding the Eximbank, and forget about the Luxembourg trading center and other aspects of the proposal; we'll ask for so much that we know the Administration will be forced to negotiate and appease us with some more credits for exports; therefore, if we forget about any grand-scale solutions on the fundamental questions, we at least will benefit from a few "goodies" until overall conditions change.

Yet another symptom of a "neocolonial" outlook emanates from one of the largest industrial manufacturing families in the United States who recently explained their general policy agreement with the U.S. Labor Party proposal as follows: "Our family has had a policy of industrial development for the developing sector for decades. Yes, we know that this British system you talk about is very real, we know how London brokerages for position to collect speculative debt payments from the Third World. But in order to have economic development in the Third World, first you have to have political stability or else your investments might get wiped out through nationalizations. So, after you get a Washington government that is capable of ensuring political stability in the developing sector, then come back to us with this proposal." Furthermore, officials from two of this nation's leading industrially oriented banking institutions have voiced their "reservations" in the form of (1) "I like everything about your proposal—Exim, gold, Luxembourg — except for nuclear energy development, and the Comecon interface," and (2) "Your plan is excellent but it will never happen because the nation isn't educated enough on economics, but maybe the next generation will adopt it."

What overall pure cowardice among otherwise relatively moral and competent people!

There is, in fact, no purely "technical" way to have an expanded Eximbank, reverse the U.S. trade imbalance, gear up world trade through high-technology economic development, or any other sane, rational policy for the human species until the British-controlled "bubbling" operation of the London-Caribbean-Singapore-Channel

Islands speculation-matrix is surgically and systematically dismantled.

While many influential Americans sincerely yearn for industrial development policies, as long as they are psychologically manipulated to genuflect before the synthetic ideology of *free market forces* — play by the rigged rules of the British game of “economic Darwinism” — Kissinger, Schlesinger, Blumenthal, Miller, and Rohatyn will have a field day deindustrializing the American economy and imposing Schachtian policies upon the most advanced skilled labor force and productive capacity ever assembled in human history, all for the good of Lord Twaddledat’s portfolio. In point of historical fact, the skilled work force, productive capacity, and technological knowhow was assembled in the United States by rejecting Adam Smith’s invisible hand and free market-forces nostrums and instead volutaristically organizing capitalist development from the top down.

Fortunately, the founding fathers of the United States rejected Adam Smith, the son of a customs collector, twice over. Firstly, Smith’s associate and close personal friend at the Glasgow Poker Club happened to be none other than the same “Champagne” Charlie Townshend who as Minister of the Exchequer imposed the hated taxes on glass, lead, paper and tea upon the American colonies. Secondly, Adam Smith’s *The Wealth of Nations* — the handbook to *laissez faire* homilies — was specifically written as a polemic against the policies of Franklin, Washington, and the young Hamilton by advancing the thesis that America should be organized as a labor-intensive agricultural society to be looted through British control of free capital markets. Smith’s book, utilized in the Congress by the Reuss and Proxmires of that day as an argument against Alexander Hamilton’s sound credit, banking and industrialization policies, was rejected out of hand as against the national interest.

The Invisible Underhand

The relevant features of the American System as designed by Hamilton in fundamental contradistinction to Smith’s doctrine are that the primary basis of wealth in an economy is the enhancement of the *productive powers of labor* through technology-oriented industrialization which defines augmented *absolute profit*. Hence, monetary-fiscal policies are subsumed within the programs for real economic development—and not the reverse.

It is the rate of growth of real output of industry and agriculture in an economy which delimits the fiscal resources of governments. When the output is significantly above a “breakeven” condition, then not only existing productive capacity may be maintained, but can be expanded and modernized through advanced

technologies and increasing energy-intensive methods, as well as providing surplus for the payment of debt service to the credits issued for real production. If sufficient levels of expansion are reached, the national debt is as *good as gold*.

Great Britain, historically, has failed to qualify for this condition. In the 20th century, as De Gaulle’s already cited perception indicates, the notorious collapse of the pound on Sept. 21, 1931 (when she fell off the gold standard) as well as her dismal policies while the Bretton Woods system was operating, and since August of 1971 are all exemplary.

John Connally and Giscard D’Estaing could contribute invaluable “insiders” understanding as they both were their nation’s respective Treasury Secretary and Minister of Finance in 1971. Helmut Schmidt, in addition, to his other political contributions could no doubt add further insights into London’s policies of Keynesian *deficit financing* of the world economy, as in 1971 he was preparing to become the West German Minister of Finance the following summer.

Other participants and students of postwar history will not fail to note that the famous “fundamental disequilibrium” clause of the Bretton Woods conference was designed by Lord Keynes for the purpose of bailing out the pound at the expense of the world economy. More than half a dozen times from 1945 to the early 1960s alone the pound plunged into balance-of-payments crises. While Common Market countries modernized their economies and developed skilled work forces, Britain alternated austerity regimes with monetary manipulations, culminating in the 1967 devaluation of the pound triggering the final unraveling phase of the Bretton Woods system.

On overall balance, between 1947 and 1972 Britain grabbed nearly 31 percent of all International Monetary Fund (IMF) drawings; for comparison, this was nearly 10 percent more than United States and French drawings combined. There is a long history of special IMF bailout operations for the British-centered monetarists — from the old General Arrangements to Borrow (GAB) to the Witteven Facility. Today six-and-one-half years after August 15, 1971 neither primary reincarnation of the deceased Bretton Woods system, the International Monetary Fund and World Bank, can be allowed any *lebensraum*.

Before the world is rapidly plunged down the road of Schachtian economic policies and war, I propose we honor Charles De Gaulle on Jan. 31, 1978. The Luxembourg-Eximbank package will constitute a wonderfully resounding “*Non!*” to the sick man of Europe from which the world’s population, including the peoples of Great Britain, will derive lasting benefit.