

factories needed to produce for our own domestic needs.

"That is a repetition of what happened under Jefferson and Madison, through Albert Gallatin's 'free market' policies, causing the great depression of the 1815-18 period. That is what happened under Jackson, causing the Great Panic of 1837. That is what happened under Polk, Pierce, and Buchanan; that is what happened under the 'free market' policies of the second Grant administration, leading into the disaster crises of the 1872-86 period. That was the cause of the depression of the 1890s, the great Panic of 1905-07, and the collapse of the U.S. economy under Coolidge and Hoover. Every time the U.S. adopted 'free market' policies, foreign financier interests gobbled up large chunks of our economy at bargain prices.

"What Treasury Secretary Alexander Hamilton . . . elaborated in his famous reports to the Congress, were the economic principles for which the United States fought its war of independence against the British monarchy, a total rejection of the 'free market' dogmas of Adam Smith's *Wealth of Nations*. Every achievement of the U.S. economy has been the result either of the government's adoption and implementation of that American System, or of the continuation of those economic ideas as an embedded part of our national character and culture. Every economic disaster we have suffered over the past 185 years, has been the result of government's adoption of so-called 'free market' dogmas.

"Unfortunately, President Reagan exhibits total ignorance of the American System of Political-Economy, and of the economic history of the fight between the American economists and the supporters of Adam Smith's policies over the past 223 years."

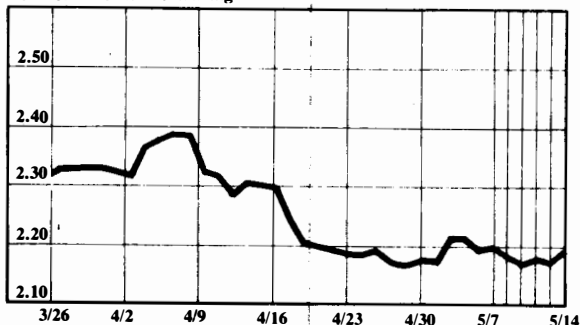
LaRouche then stated that it was necessary to understand Adam Smith's dogma of the "Invisible Hand," as not actually an economic idea, but a "moral dogma," i.e., an attempt to remove all morality and accountability from economic policy, to appreciate President Reagan's blindness to the true state of the economy.

"The President insists, that we must not impose moral goals upon the shaping of our economic policies. He insists, that no good will come to the average citizen, or the average nation, except as a long-term benefit of submitting to the dogma of the 'Invisible Hand.' Only if we understand the perverse nature of Smith's dogma, can we understand why an otherwise moral individual, such as the President, could see the economic cruelty of his policies, for farmers, industrialists, minorities, and labor generally, as a symptom of an 'economic recovery.' Only when these same economic policies threaten to destroy national defense, the President becomes a bit restive; but, so far, he has preferred to defend Adam Smith, rather than the nation, whenever Smith and national defense come directly into fundamental conflict. Since he is a patriot, we must assume that there is a breaking-point, at which the President would dump Adam Smith for sake of survival of our republic; so far, that breakingpoint has not been reached. . . ."

Currency Rates

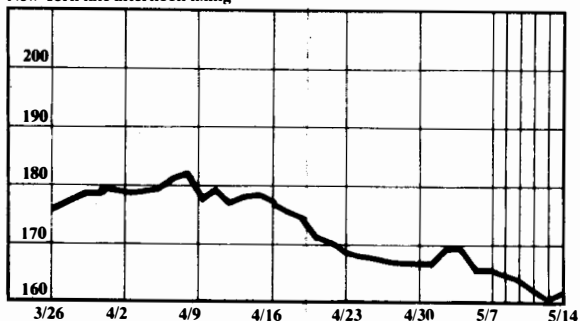
The dollar in deutschemarks

New York late afternoon fixing



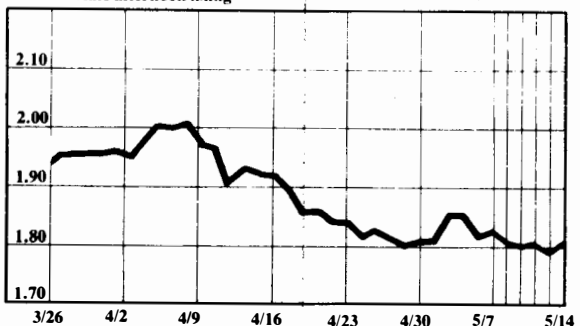
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

