When demand for foreign currencies exceeds supply of these currencies, as in the computations above, official reserves decline, or the countries' liabilities increase to meet the gap. In our case, the increase in U.S. liabilities to foreign official agencies was the major factor compensating for the deficit in the overall balance.

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Of course,

these differences between supply and demand and adjustments through changes in reserves and liabilities exist only to the extent that authorities insist on a fixed exchange rate. If exchange rates were allowed to float freely, official reserves would not be needed to bridge any gap. There would be no gap. The exchange rate would change, instead.

In many countries the overall balance is considered

a good measure of the aggregate forces in the exchange market.

In the case of the United States, this balance measure may not be adequate because of the special position of the U.S. dollar, which is a large component of the exchange reserves of many countries. The increase in U.S. liabilities held by foreign

official agencies shown in Exhibit 6.1

may have been due to a desire of these authorities to maintain a larger proportion of their foreign e change reserves in securities issued by the United States government. By contrast, official liabilities of other countries-particularly developing [exchanges and e changes]

countries-usually grow in order to bridge the gap created by

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Notice

points factor:

WE OWN THE EARTH.

Emperor: Donald Phoebe Needham.

Emperor: Japan and China, Russia America England.

When a state does not initiate war it commits its first error against the principle of military science.

When it waits to make ready for war after hostilities have been declared,

North America

Deco

it only prepares to destroy itself.

Amor

It only prepares to Fix the world.

Destroy

Fix

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fix

So essential is this principle of initiation to success in warfare

that within the last two hundred years there is no instance where

sufficient warning

has been given that permitted the

enemy

to undertake military preparation

The necessity of a declaration of war is only a modern illusion

Levy

Lien Necessity: Modern Issues,

declarations have been issued prior to the regular commencement of hostilities, though in one form or another war already existed.

During this same period of time we have one hundred and eleven cases where war was begun without any notification.

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