in addition to Poland. Sudan has bankers worried. Costa Rica suspended payments last summer. Romania is still delaying many payments. Zaire, Turkey, Togo, Liberia, Malagasy Republic, Nicaragua, Pakistan, Senegal, Bolivia, and Vietnam have all fallen behind in payments or rescheduled debts.

Because the banking system's ability to roll over LDC (and other) debt burdens has depended on recycling OPEC surplus funds, the *Wall Street Journal* has reported that many LDCs won't get what they need precisely because that surplus has evaporated. In 1980, the OPEC surplus came to $116 billion. In 1981, it had fallen by more than 50 percent to $60 billion. Industrial contraction and falling demand for oil has forced OPEC prices down 10 percent since 1980, expected to cut into OPEC surplus by another $30 billion this year. Counting at least $15 billion in added expenditures, OPEC will have no more than $15 billion to put through the banking system in 1982, according to the Organization for Economic Cooperation and Development.

Daiwa Securities of Japan, in a prediction many believe more accurate, predicts a *net OPEC deficit* of between $3 and $6 billion.

Exemplary may be the case of Nigeria, which deposited $2.2 billion in the banks in 1980, but in 1981 withdrew and borrowed $2.3 billion—a swing of almost $5 billion in one year.

The options

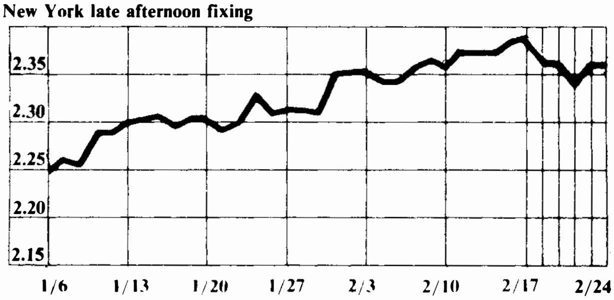
Some bankers are calling for the World Bank and the IMF to increase lending to avert the crisis. Others are calling for advanced-sector governments to assume the debt burdens, getting the banks off the hook. But with huge budget deficits plaguing every major nation, the latter option is a pipe dream, while the IMF and World Bank lack the resources to more than dent the problem.

There is an option not mentioned in any of the financial press so far carrying the lurid facts and figures. An orderly reorganization of the world monetary-financial system based on gold could consolidate all LDC debts at low interest rates—as *EIR* has repeatedly proposed. If this is not carried out, then LDC defaults will be accompanied by murderous austerity in nation after nation—slashing imports for starters. This would knock the bottom out of every industrial exporting country with the near-term consequence of collapsing world trade to extremely low levels, and depression. Within the LDCs, this means political instability, "Iranization," and genocide.

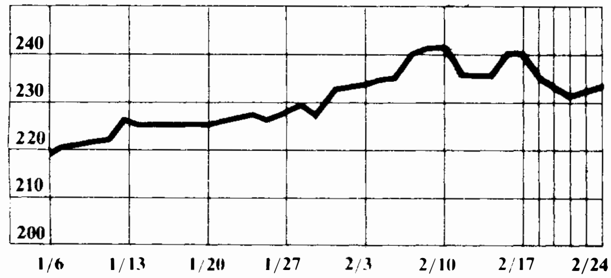
The banks which have backed Paul Volcker to date, and are now announcing their "cautious" decision that they can no longer finance LDCs debts, are preparing the way for their own and the West's economic destruction.

Currency Rates

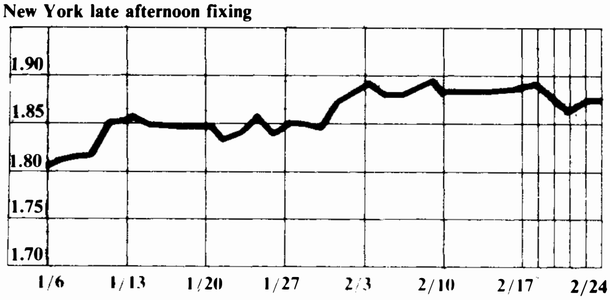
The dollar in deutschemarks
New York late afternoon fixing



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