

headed, along with the rest of the advanced-sector nations, if the present insanity is not halted.

Our strong dollar, Donald Regan's panacea for all ills, only looks good to those who ignore the fact that it has already collapsed to one-fifth of its previous internal value. The external collapse of the dollar in terms of its purchasing power is much, much greater, for the simple reason that the United States no longer produces anything that anyone elsewhere in the world can buy, except unsecured debt.

The results of the 'recovery'

What then did happen to production and productivity during the "Great Recovery" of 1982-84?

Well, over the three years, we produced about 190 million metric tons of cement, 226 million metric tons of raw steel, 506,000 machine-tools of different types, 193,000 tractors, and about 19.6 million automobiles. The annual numbers do, in all cases except machine-tools, show an increase over 1981-82. In no case do they regain the highs of 1972.

But, as was reported above, the simple numbers, in and of themselves, are misleading. The population of the United States grew by about 20 million between 1972 and 1982, and has continued to grow thereafter. The labor force of the country has grown faster than the population as a whole, rising from 90 million or so in 1972 to 110 million in 1982, 112 million in 1983, and over 113 million in 1984. The productive goods-producing workforce has stagnated, remaining at an official, overestimated level of about 24 to 25 million, while the population as a whole, and the labor force as a whole, have grown.

The 1972 "high" level would therefore represent the amount of growth necessary to restore the fabled "zero economic growth," except for the constraint of providing for an expanded population at that level. It would recover what was lost. It would not represent economic advance.

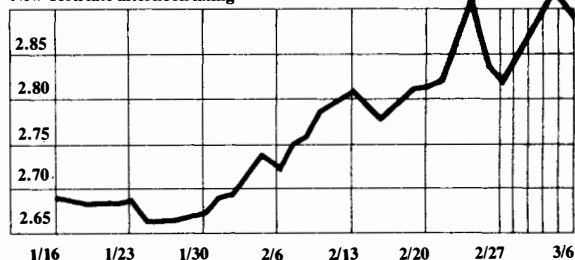
In cement, we produced about 76% of the needed zero-growth level, in steel only about 56%, in machine-tools about 50% of the requirement, in tractors about 26%, in automobiles about 66%. This, for the sum of the three years. If the margin for imported parts and equipment is subtracted in all categories, but especially autos and tractors, we would remain below, in terms of internal production, the levels hit when the economy bottomed out in 1982.

There are some who delude themselves into thinking that the "bounce back" will sustain itself. They ignore the fact that the economy is actually on a trajectory which Lyndon H. LaRouche has compared, in previously demolishing the Volcker-Regan nonsense, to "a ball bouncing down-hill." Such deluded ones should be aware that the bottom hasn't been hit yet. If their insane policy is not changed, we are facing another ratchet downwards, of about 12%, which could destabilize, internally and externally, over \$2 trillion worth of unsecured paper. Is Paul Volcker worth it?

Currency Rates

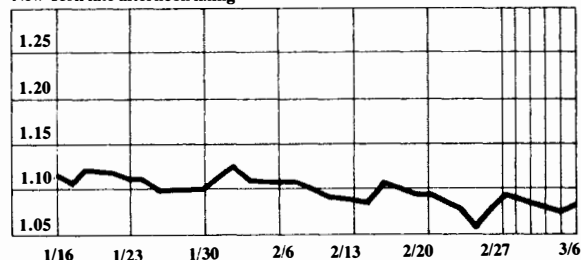
The dollar in Swiss francs

New York late afternoon fixing



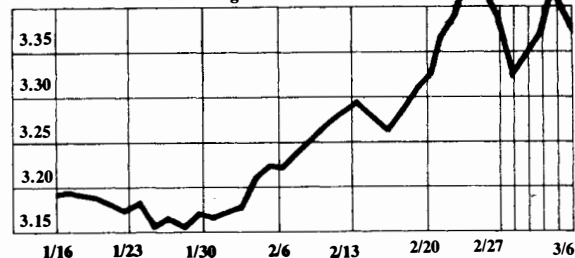
The British pound in dollars

New York late afternoon fixing



The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing

