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sector nations, perhaps to the present day. They were increasing the productivity of their economies, while the so-called advanced-sector nations were sliding into decline.

In fact, the production figures should hike Ibero-American currencies, in real terms, way up against the dollar. The dollar's artificial exchange rate against Third World currencies has been massively rigged, in order to force the Third World nations, when paying their debts, to ship 10-20% more produced commodities, such as steel and food, by volume, to the United States and other industrial nations, in order to earn the same amount of foreign exchange.

NATO-area bankruptcy

Table 1 is suggestive of the buried disaster of domestic debt, especially throughout the advanced industrial sector. The much feared $295 billion foreign debt of Ibero-America's Big 4, for example, is only 10.7% of their $2.76 trillion domestic debt, and *only 5% of the domestic debt of the United States alone*.

The domestic debt of the United States, according to the Federal Reserve's own "Flow of Funds" figures cited here, mushroomed from $1.8 trillion in 1972 to $5.86 trillion in 1984.

In most cases, the internal debt-bubble piling up inside countries, especially in the advanced sector, is shockingly large. The rate of growth of domestic debt in France and Germany, in their own currencies, is mushrooming, from DM985 billion to DM2.9 trillion in Germany during the 1972-84 period, for example. These countries have expanded debt in an attempt to keep their economies afloat, printing domestic money to make up for huge amounts of flight-capital being looted from them through the dollar exchange rate.

It is also clear that West Germany, France, and Italy, for example, have domestic debts more than ten times their foreign debts, and the United States comes close.

The growth in domestic debt in Ibero-America, it turns out, is far more important than that of their foreign debt. This debt can be almost entirely blamed on the manipulation of the dollar exchange-rate.

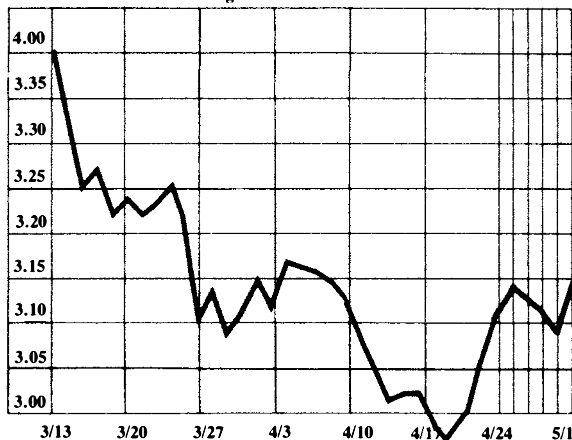
Most ominous, the figures show that the current debt service of $4.9 trillion cannot be paid out of current world production. The domestic interest bill of, for example, France for 1984, at FF543.6 billion, is almost as large as the country's industrial wage bill of FF654 billion. The entire annual debt service bill in France, assuming 8 years average repayment of principal (i.e., 12% of principal repaid annually plus interest) rose from FF199 billion in 1972 to FF1.1 trillion in 1984, twice the country's industrial wage bill.

If the industrial workforce cannot produce enough goods, even in inflated currency, to meet the debt service, then the difference is being made up by the banks printing money, and lending out more to pay standing debt-service obligations.

Currency Rates

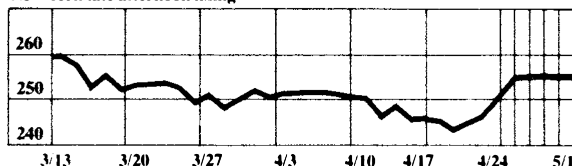
The dollar in deutschemarks

New York late afternoon fixing



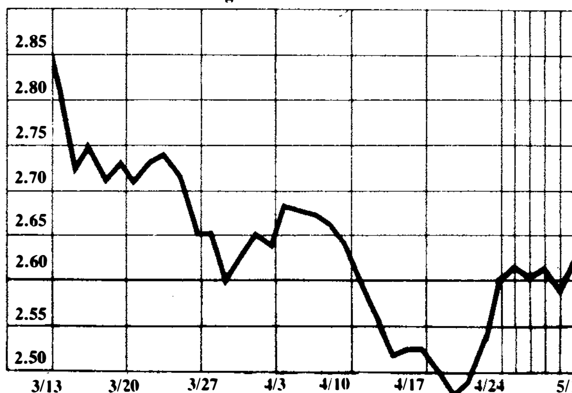
The dollar in yen

New York late afternoon fixing



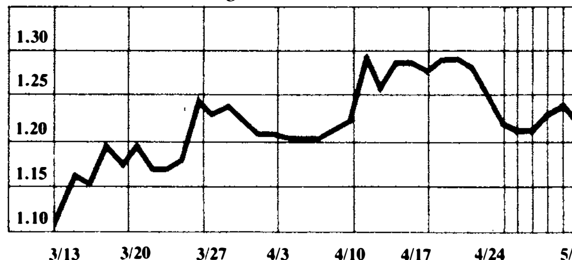
The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



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