

serve-transaction activities. Regional development banks with analogous functions are to be encouraged.

(j) Member-nations' governments must enact emergency taxation and other legislation designed to eradicate capital-gains from appreciations in ground-rent valuations and usurious practices.

(k) A selected short list of major global infrastructural projects must be adopted as the leading cooperative effort in energy-production, fresh-water management, and transportation development needed to provide the environment and leading stimulus needed to general economic recovery.

We must mobilize around such measures of reform as if we are mobilized to fight an interplanetary war, a war against misery and economic depression. *Back to the principles of Leibniz, Hamilton and List!*

2. *To make such measures successful, the following emergency actions are required from the government of the United States.*

(a) Immediate restoration of a gold-reserve basis for the U.S. dollar, at not less than \$500 per ounce.

(b) Emergency legislation by the U.S. Congress, to transform the Federal Reserve system into the "Third Bank of the United States."

(c) Emergency anti-usury legislation, forcing a simultaneous lowering of interest rates on loans, deposits, mortgages, and money-market instruments.

(d) Emergency tax legislation, wiping out capital-gains accumulations from ground rent and usury.

(e) Emergency anti-drug traffic legislation, making it a major crime to traffic in "recreational substances," or to conduit funds accumulated through traffic in such substances either domestically or in foreign markets, or to engage in conducting "flight capital" from domestic or foreign "black economy" operations.

(f) The authorization of an initial issuance of between \$400 and \$500 billion in gold-reserve denominated U.S. Treasury currency-notes. This is to replace all unconstitutional Federal Reserve printing of currency. It is to provide loan participation, through the federalized Federal Reserve system, to private banks for approved categories of medium-term to long-term lending in agricultural, industrial and basic-infrastructural investments at prime rates not in excess of 4 percent.

(g) The authorization of \$50 billion credit to the U.S. Ex-Im Bank, for participation in approved categories of export of U.S. capital-goods production and heavy-engineering services, for approved categories of productive investments and infrastructural development.

Such initiatives by the U.S.A. will set into motion the kinds of reforms otherwise required.

These actions must occur immediately, otherwise a general collapse of the international monetary order cannot be prevented. There is only one category of governmental or financial official who will oppose such measures: dangerous fools.

Mexican measures at a glance

Banking and exchange controls as announced by the President Sept. 1:

1. All private banks in Mexico nationalized. Indemnization to owners over 10 years.

2. Full system of exchange controls. No private dealings in dollars permitted.

3. Nationalization of the Banco de México, the central bank, previously under part private ownership. *International*

1. Call for an early meeting of U.S. and Mexican legislators to work out arrangements to encourage return of flight capital to Mexico.

2. Call for a new chapter of international law to protect all developing nations from flight capital devastation. New international economic relations must include a "special recycling link" to this effect.

Priorities on who may use dollars, from Sept. 1 official decree:

1) Obligations of federal government; 2) Obligations of decentralized government agencies (Pemex, Federal Electricity Commission, etc.); 3) Payments to international organizations; 4) Obligations of credit institutions; 5-7) Payments for import of basic food and priority categories of capital goods and other imports; 8) Repayment of private sector debt; 9) Certain classes of border transactions; 10) Royalties and repatriation of profits by private firms; 11) Travel for business or health reasons; and 12) Travel for tourism.

New Director of Banco de México:

Carlos Pello Macías replaces Miguel Mancera Aguayo. Pello, a nationalist economist, served as Minister of Planning and Budget, 1976 to 1977, before resigning in opposition to IMF interference in the economy.

Exchange rates, interest rates from package of measures announced by Pello Sept. 4:

1. Two-tiered fixed exchange rate for peso at 50 to the dollar for preferential transactions, 70 to the dollar for others.

2. Reduction of interest rates for private sector borrowers by 5 percent, with succeeding reductions of 2 percent per week for four weeks.

3. Mortgage costs slashed 67 percent for lower income housing, 33 percent for middle income housing.

4. Total elimination of dollar from internal credit system over "medium term."