Editorial

Now that we have your attention...

As we go to press, there is unusual silence in the world banking community—stunned silence, after the bombshell dropped by Mexican President López Portillo when he announced the nationalization of Mexico's private banks and a campaign to reclaim the looted money from abroad, on Sept. 1. As reported in this week's Economics section, the oligarchist assumption that debt-collection can always be imposed by dispatching the likes of Henry Kissinger to the targeted countries, has been rudely upset.

Now that we have your attention, we would like to introduce "Operation Juárez," the 68-page *EIR Special Report* that has been circulating for some weeks in the capitals and policy circles south of the Rio Grande. In it, *EIR* founder Lyndon LaRouche proposes that debt-reorganization and an Ibero-American "Common Market" are the only way to call the monetarists' bluff short of its genocidal consequences—and bring the U.S.A. to its senses. He makes the point that "unless the bankers of the U.S.A. are collectively insane or babbling imbeciles, they will joyously embrace a proper proposal for collective financial reorganization of Ibero-American debt."

We remind readers, in summary form, of the circumstances under which U.S. policy-makers as well as bankers can cooperate in the Ibero-American debt reorganization. In August, LaRouche warned of a probable September financial crash and called for the immediate enactment of certain reforms by President Reagan and the Congress which would halt the economic depression over the winter of 1982-83. (See the Aug. 24 *EIR*, "Financiers predict a crash in September.")

Those measures include:

- Demand the immediate resignation of Federal Reserve Chairman Paul A. Volcker.
- Remonetize the gold reserves of the U.S.A. at a fixed price of $500 per ounce.
- Enact an emergency reform of the Federal Reserve, making it in effect into the Third National Bank of the United States, restoring full regulation to the banking system, and enforcing "banking transparency" on foreign banks operating on U.S. soil.
- Authorize $400 billion in U.S. Treasury currency notes for loans directed to performance-worthy investments in domestic production and foreign trade.

The U.S. government, if it were sensible, would agree to make the new bond issues of debt-reorganization of Ibero-American republics discountable assets within the facilities of the reformed Federal Reserve System. "If the U.S.A. is engaged in increased volumes of capital-goods exports, and if those debt-reorganization bonds are discountable for hard-commodity classes of export-loans within a gold-reserve-based U.S. credit and banking system, these bonds are now functionally as good as gold," writes LaRouche in *Operation Juárez*.

The U.S.A.'s first concern must be to re-employ within months some 5 million of those left unemployed by Volcker's lunatic policies, with the goal of adding 10 million more workplaces by about 1985. The emphasis should be on high-technology farmers and skilled and semi-skilled industrial operatives, not "services" (except vital professions, like science).

Second, the U.S. has to reverse the liquidation of farms by debt moratoria and credit injection, and undertake a few large-scale, basic infrastructural projects to provide a stimulatory market for private industry. Next, the U.S. should negotiate with developing nations a collection of high-technology infrastructure projects most urgently needed, including nuclear-energy projects, and provide financing at 2 percent per annum. This translates into demand for U.S. capital-goods producers.

It would be sensible, and probable, that a number of exporting nations, such as Japan and the Federal Republic of Germany, would with to join the United States as partners in the multinational division of labor in such undertakings. Adding Ibero-America, the ASEAN nations, and some other developing nations, we identify a potential for $200 billion annually or higher of increased capital-goods imports per year from capital-goods exporting nations. *Mexico alone, for example, fully justifies $20 billion a year or more of increased capital-goods purchases.*