

system. It's peanuts compared to the real debt-crisis. The total Third World debt potentially in jeopardy is about \$850 billion. That's big; big enough to sink most of the banks of the world, even including the Swiss banks. It's peanuts compared to the real debt-crisis.

"The combined public and private debt of the United States is \$5.3 trillion. The combined public and private debt of West Germany is \$0.8 trillion, Italy \$0.4 trillion, France \$0.54 trillion. The debts of these countries are zooming, while production and employment are collapsing. The debt-problem of Ibero-America is relatively mere peanuts.

"A general international financial collapse, like that of 1931, could break out in almost any part of the world. What would turn waves of debt-defaults into such a financial collapse would be the chain-reaction set off by financial collapse of one of the leading industrialized nations, either in Europe or the United States. The whole system is on the edge right now; the crisis of Ibero-America is merely a small, if widely publicized aspect of the real problem. When the collapse comes, it will spill out of one country into all national economies, and before the first wave of 1931-style collapse has passed through, between \$1 and \$2 trillion of paper-values of stocks, bonds, mortgages, and so forth, will be wiped out, with as many as 80 percent of the banks of the United States hanging up a 'closed' sign on their doors.

"There is only one basic solution to this problem. We must put the United States into a 1939-43-style crash program of economic mobilization, and most of the Western world, including Ibero-America, too. We must take immediate, emergency action of profound and sweeping monetary reforms, designed to pump treasury-notes of governments, at low nominal interest rates, into lending for technologically advanced investments in job-creation and expanded production in agriculture, basic economic infrastructure, and industry, with heavy emphasis on advanced technologies in machine-tool categories of production and advanced capital-goods production for basic industry.

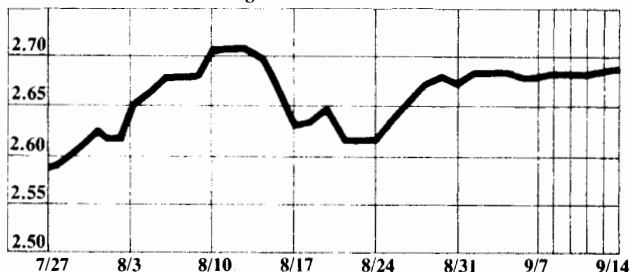
"The basic cause of our debt-crisis is those policies operating in the United States since Johnson's 'Great Society' program, policies intended to drive the United States and most of the Western world besides into a condition gloriously described as 'post-industrial society.' The economies of the world could develop levels of increased output of physical goods sufficient to liquidate existing masses of debt, if monetary reforms and crash-program efforts for that purpose were instituted before the expected financial collapse strikes.

"The rallying of nations of Ibero-America around policies of the sort I have proposed in Operation Juárez, and the frequent favorable treatment of my name in the leading newspapers of Ibero-America, is a clear signal that those nations are seeking the kind of collaboration with President Reagan on monetary-reform measures which I have recommended be considered. The time has come to accept their offer of such collaboration. It is time to cease basing our national economic and foreign policy on faked figures."

## Currency Rates

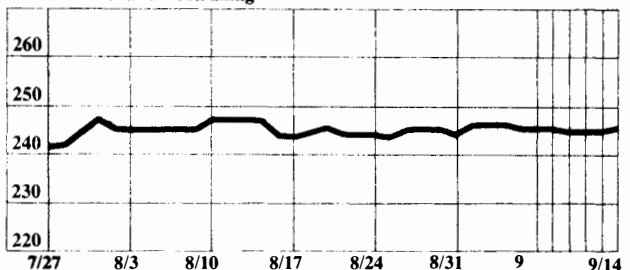
### The dollar in deutschemarks

New York late afternoon fixing



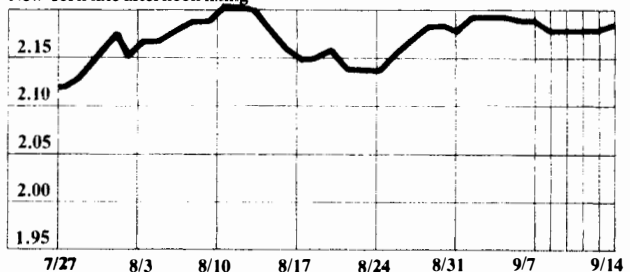
### The dollar in yen

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

