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World debt and the world social-democracy

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The following item was released on April 8 to EIR *and other news agencies by 1988 U.S. presidential candidate LaRouche.*

The current and past role of the Socialist International inside the government of the United States, and in the internal affairs of Central and South America, is a major contributing cause for the presently accelerating collapse of the international financial system. If we are to stop the spiral of collapse in agriculture, industrial employment, and incomes, inside the United States, our citizens must understand the wicked role of the social-democrats in U.S. domestic and foreign policy, and eliminate that dangerous factor from the shaping of our national policy.

The following remarks are extended ones, and offered to a wide audience of influential institutions and citizens, because of the extreme importance and urgency of the matters considered.

I have just returned from a brief visit to South America, where I received background briefings on assorted recent attempts at coups d'état and lesser destabilizations in Brazil, Colombia, Peru, Argentina, and elsewhere. Coordinated actions by leading elements of the U.S. and European social-democracy, are a key included factor in each of these instances.

One prominent aspect of the pattern would astonish most U.S. citizens. In each case, the attempted coup or lesser destabilization reflected a strongly anti-Catholic bias by the pro-malthusian social-democratic elements involved, and a very strong bias against the Pope, John Paul II, then in the midst of a tour of Uruguay, Chile, and Argentina. In the shadows, in addition to the malthusian population dogmas of social-democratic leaders Willy Brandt and Helmut Schmidt, were political silhouettes of the passionately anti-Catholic social-democrat Jeane Kirkpatrick, nominally Catholic Michael Novak, nominally Catholic ex-CIA Director William Colby, and ex-Catholic Lt. Col. Oliver North.

Overall, the social-democratic leadership's role in these attempted coups and destabilizations, simply demonstrates that the "secret government" exposed by the "Iran-Contra" scandal is not limited to aging ex-Communist Jay Lovestone's

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U.S. social-democrat Michael Harrington (l.) with Willy Brandt, then-chairman of the German Social Democracy, at a December 1980 meeting of the Socialist International in Washington, D.C. The gathering plotted to destroy the incoming Reagan administration by exploiting its weaknesses in economic policy.

"Project Democracy" cronies in the AFL-CIO's international department. In Central and South America, for example, the Europe-based Socialist International's intelligence apparatus is an integral part of the U.S. "Project Democracy's" covert operations.

In the United States, the "secret government" tied to Lt. Col. Oliver North's current troubles is a collection of social-democrats inside the U.S. intelligence community, social-democrats who function as political arms and legs of relevant U.S. banking interests. In the case of the Socialist International, John J. McCloy's public revelations of his sponsorship of the postwar career of Willy Brandt is symptomatic. Brandt's heading the North-South Commission in support of the malthusian population-control policies of the World Bank's Robert S. McNamara, is also symptomatic.

Indeed, the principal cause of President Reagan's major current embarrassments, is his administration's secret agreements with the international social-democracy since the 1980 "transition period." The key Socialist International channel into the Reagan administration, apart from the "Project Democracy" apparatus inside the intelligence establishment, has been the British social-democracy's "conservative" Heritage Foundation front. The roles of Jeane Kirkpatrick and "Irangate's" Michael Ledeen merely illustrate the prominent role of the social-democracy inside the administration. The virtual post-1984 takeover of Senator Jesse Helms's Washington, D.C. office by social-democratic networks, is an aspect of the same problem.

The key to the social-democrats' coup-prone covert activities in Central and South America, is the fact that social-democrats, both U.S.A. and European, have contributed a leading part in creating the present international financial (debt) crisis. Not only do social-democrats function as covert arms and legs of certain financier interests in the developing sector; social-democratic ideology is fairly described as "bankers' socialism."

The ideology of the leading social-democrats is explicitly pro-feudalist. That is, they are anti-industrialists, who yearn for a return to the system of rule of the cities by feudal guilds. Although continental European social-democrats must adapt to the pro-technology attitudes of skilled industrial trade-unionists, the socialist intellectuals, and almost the entirety of the English-speaking social-democracy, are fanatically guild-socialist ideologues, whose stock-in-trade is the argument, that "technological progress takes away jobs."

Those among wealthy aristocratic circles, and American "patricians," who yearn for a return to feudal-like class society, find the social-democratic ideologues very useful. Among bankers, attitudes toward social-democratic ideologues are divided. Those bankers closely tied to promotion of advances in industrial and agricultural technology properly abhor the social-democratic ideologues, whereas those financiers who prefer the rentier-usury traditions of the feudal Lombard bankers, find both socialist and fascist ideologues useful allies against the pro-technology, entrepreneurial interest and also the interests of farmers and labor generally.

Inside the United States, socialism developed under the direction of British and Swiss (Geneva-Lausanne) financier interests which backed the French and U.S. Jacobins of the late eighteenth century. The Jacobin insurrections organized

in western Pennsylvania by the Anglo-Swiss agent Albert Gallatin are an example of this. Behind the U.S. leftists have been those financier interests, traditionally tied to the British East India Company, which opposed the American War of Independence and the U.S. federal Constitution, on the basis of their support for the anti-industrialist, anti-American "free trade" dogmas of the British East India Company's Adam Smith.

In contrast, the economic motives for the U.S. 1776-83 War of Independence, the design of the U.S. federal Constitution, and the War of 1812, are expressed in the clearest way by Treasury Secretary Alexander Hamilton's December 1791 Report to Congress, "On The Subject of Manufactures." Hamilton's "American System of political-economy" is the textbook in enterpreneurial forms of industrial capitalism, whereas Adam Smith's *Wealth of Nations*—against whose policies the 1776-83 War of Independence was fought—represents the opposing, pro-feudalist interest.

Every period of successful growth of average real incomes of the U.S. population as a whole, has been the result either of a return to Hamilton's economic policies, or to forms of war-economy mobilization which have borrowed from Hamilton's principles. In every period the United States has reverted to Adam Smith's dogmas, the result has been a slide into a new economic depression, like the present one.

The Reagan administration's misguided, and extremely simplistic form of support for a radical version of Adam Smith's "free trade" dogma, is the immediate cause for the aggravated form of the present international debt-crisis and the worsening economic depression inside the U.S.A.

It has been this flaw in the Reagan administration's economics philosophy, which has supplied the basis for the administration's no-longer-secret alliance with the Socialist International. Although the Reagan administration has been philosophically for national defense, and differs strongly with the Socialist International on this matter, the social-democrats' frequent alliance with Moscow against the SDI and on arms-control issues, is the outstanding exception to relations on issues of economic policy and covert-operations policy in the Middle East, Central and South America, and in Asia and Africa generally.

During December 1980, the Socialist International held a conference in Washington, D.C., outlining there the policies which the socialists have followed since, up to the most recent time. I caused reports to be presented, orally and written, to the incoming administration, warning the new administration of what the social-democrats had in store for it.

In this connection, my associates produced an *EIR* special report on the subject of the Heritage Foundation. This special report identified the social-democrats' use of the Heritage Foundation as a front-organization, and included supporting documentation from the bragging mouths of leading Heritage officials. Unfortunately, the new administration had already cut a secret "Project Democracy" deal with the social-democrats, as "Irangate" investigations have recently shown. Our 1981 exposure of the social-democratic control of Heritage was most unwelcome in most quarters of the new administration.

Although the President may not recognize this fact as yet, every leading economic policy of his administration has followed the lines of what the social-democrats predicted their influence would be, back in 1980! The published form of the early 1981 *EIR* report still exists; there can be no doubt today that our warnings were very accurate ones.

As I stated at the outset, my purpose here is to show the dangerous effects of continued social-democratic influences on U.S. domestic and foreign economic policies. References to the nature of social-democratic penetration of our intelligence establishment is merely indispensable to showing how social-democratic influence continues to be exerted on the present administration.

The present economic depression

Since the 1930s, American popular tradition has associated the outbreak of an economic depression with a major stock-market crash such as that of 1929. Thus, although economic conditions comparable to the 1930s depression already exist in more than thirty of the fifty states, with farms and industrial employment collapsing at depression-period rates, most people say that "the depression" has not occurred; many will not believe it until a major stock-market collapse convinces them.

Unfortunately, those demanding such evidence will soon receive it. The zooming collapse of the value of the U.S. dollar on world markets has already devalued U.S. foreign indebtedness by about 50%. That collapse of the dollar, is a symptom and effect of an ongoing international financial collapse. As a recent issue of the London *Economist* has documented some of the most important evidence, most of the major U.S. banks are effectively bankrupt, in the sense that doubtful obligations now range from about 400% to more than 1,000% of the bank's equity. Since U.S. indebtedness totals now to more than half of the approximately $13 trillion of international debt-structures affected, a collapse of the U.S. banking system would set off an international tidal-wave crushing the banking systems of most of the world. One leading Swiss banker, and others have warned, accurately, that we are presently on the verge of the greatest financial collapse in world history.

There never was a "Reagan economic recovery." Until either Mr. Reagan, or another President, recognizes this painful truth, there will never be a U.S. economic recovery.

Of course, Mr. Reagan's policies did not cause the presently deepening depression. Mr. Reagan merely continued and defended the depression-causing Trilateral policies of the Carter administration's program of "deregulation" and Volcker monetarism. Carter, in turn, merely worsened the

depression-tending "post-industrial" economic and monetary policies set into motion under Johnson during 1967-68, and continued under Nixon and Ford. Nonetheless, Mr. Reagan has adorned himself and the 1988 Republican presidential candidates with the horse-collar of Hoover's 1932 election-campaign, while Chrysler's Lee Iacocca has dropped out of the Democratic race on grounds that the next President will inherit an economic catastrophe for which Mr. Iacocca has stated he foresees no solution.

My hysterical "critics" of the major news media will now insist that I am always "predicting a depression," implying that my "prediction" of the present depression is irrelevant. It is therefore important to point out, that I have never predicted any U.S. depression but the present one. I first predicted this present depression in a long-range forecast back in 1959-60, when I outlined a late 1960s beginning of a series of monetary crises, leading toward an eventual new financial crash worse than that of 1931-32.

What I have insisted upon, at every point during the past 28 years, is that, at each moment, the current economic and related developments must be understood as occurring under conditions of a build-up leading toward a future depression.

As an economist, I have always insisted that all short-term problems and policy-proposals must be studied from a long-range, economic-cyclical standpoint. Long-range cycles are determined chiefly by long-term-investment cycles, over a span of seven to twenty-five years of life of fixed capital investments in agriculture, industrial capacity, and basic economic infrastructure. It is the effects of current policies on long-range investment cycles, which determine whether those policies are leading toward future prosperity or a new depression.

Fluctuations within such long-range cycles, are based on medium-term investment patterns, centered on intervals of three to five years, approximately.

To understand so-called business cycles, we must consider how two very distinct aspects of the economy interact. The most fundamental aspect of an economy is the physical economy, the increase or decrease of per capita physical-goods (real) incomes and output per capita and per square kilometer of land used. The superficial aspect of the economy, is the flow of money, credit, and indebtedness. If money, credit, and indebtedness are increasing more rapidly than per capita real income, we are headed toward a bust. If per capita real income is increasing more rapidly than per capita levels of money, credit, and indebtedness, we are headed toward increasing prosperity over the long haul.

Sound economic policy requires that flows of investment are steered in such a way that average productivity of the nation, per capita, is growing faster than the growth of per capita flows of money, credit, and indebtedness. This means that we must be investing constantly in advancements in productive technology. Only technological progress enables us to get more wealth out of investments than the buying-power invested as combined capital investment and debt. If borrowing-costs are very high, and if flows of money, credit, and indebtedness are piling up in areas other than investments in agriculture, industry, and basic economic infrastructure,

The 'Eurosocialist' march on Washington

This *EIR* cover story of Dec. 23, 1980 exposed the Socialist International's plot to radicalize the Democratic Party and to use it as a class-war battering ram against the incoming Reagan administration. The "Eurosocialists" calculated that President Reagan's economic policies would precipitate a depression, giving them the opportunity to move in.

The Dec. 5-7 conference in Washington, D.C., "Eurosocialism and America," was jointly sponsored by the German Marshall Fund and the Democratic Socialist Institute. Over 2,000 people attended, including European socialists Willy Brandt, François Mitterrand, Anthony Wedgwood Benn, Joop den Uyl, and Olof Palme, Felipe González, and American social democrats William Winpisinger, Rep. Ron Dellums, Gloria Steinem, and Michael Harrington.

we are headed for a new bust over the medium- to long-term.

Except for the Kennedy administration's combined aerospace and investment tax-credit programs, up into 1966, the U.S. economy has been on a long road toward a new bust since the changes in tax, credit, and indebtedness policies of 1954. The short-term "Eisenhower recovery" of 1955-56, and every recovery excepting the "Kennedy recovery" since, has been deceptive at best. In each case but the "Kennedy aerospace boom," the apparent temporary recovery has been based on short-term policies which have taken us further along the road leading toward the bust.

The general characteristic of these short-term, apparent recoveries, including the 1955-56 case, has been an expansion of consumer credit (and indebtedness), followed by a "corrective" tightening of the money-supply. Throughout all of these cases, the amount of money flowing into productive investments has been a shrinking percentage of the total. As a result, the percentage of the total labor-force employed as operatives in agriculture, industry, and infrastructure, has been shrinking, and since 1966-70 the rate of growth of productivity of operatives has being slowing, and collapsing since the period of the Carter administration.

The result is, that the amount of total indebtedness has been growing faster than the production of the physical goods available as potential repayment of indebtedness. The policies of the Reagan administration have consistently worsened this trend.

What confuses many politicians and ordinary citizens, is their belief that one can not competently forecast a depression, unless one is able to predict the timing of a collapse of the New York stock-market precisely. Contrary to that popular view, financial collapse can be delayed by political factors, including the willingness of populations to tolerate lower average real incomes, and the willingness of governments and bankers to resort to new rounds of inflationary credit-expansion. Thus, even in the case we can predict a depression with certainty, the exact year or month of a financial collapse depends more upon subjective political, than objective economic factors. One must never confuse economic science's ability to discover the existence of trends leading into depression at a certain rate, with the desire of the stock-market speculator to know the exact hour a financial blow-out will occur.

For example, the conditions for a general collapse of the world's banking system were reached during August 1982. The willingness of the nations of Central and South America to accept IMF conditionalities, combined with a wild papering-over of the potential insolvency of U.S. banks, postponed the collapse for about five years. So, where U.S. banks were threatened with bankruptcy during 1982, they have become almost hopelessly bankrupt today. The 1982 crisis was papered over with a Mount Everest of such worthless paper as "off-balance-sheet lending" and financial paper of the same general quality as "junk bonds." So, in addition to the bad paper of 1982, banks are now saturated with the added worthless paper piled up since 1982.

Since 1982, a large percentage of U.S. farms have collapsed. Entire sectors of industry have been shut down. Basic economic infrastructure has been rotted by five additional years of increased obsolescence and decay. Despite statistical juggling in Washington, total unemployment of operatives has fallen way below 1982 levels, while household indebtedness has skyrocketed. Although real spending by government at the federal, state, and local levels has been cut back drastically, the real level of governments' tax-revenue base has fallen much more rapidly than government spending has been cut—as a result of the fact that the "Reagan economic recovery" never really occurred.

Theoretically, at least, the present financial collapse might still be delayed by a few months, by adopting the measures which Hjalmar Schacht introduced to Hitler's Germany. However, the economic decay has reached a point which physicists would describe as a "critical value." President Reagan's monetary and economic policies could no longer be continued under democratic forms of government without setting off the greatest financial collapse in world history.

Take the cases of Brazil, Peru, and Mexico, for example. The administration and Wall Street insist that Brazil and Peru are "refusing" to pay, when the fact is that neither country could pay without collapsing its internal economy. Brazil's Delfim Netto, a leading critic of President Sarney's debt-action, insists that Brazil should sustain adherence to IMF conditionalities through imposing what Delfim explicitly terms a "Schachtian" austerity. Adherents of the so-called Baker Plan, argue that the Plan could work, if "debt-for-equity" measures are accepted by Brazil, which Brazilians reject as exhausting the available means of such payment within a few years, without reducing the principal amount of the debt. It is said that Mexico is paying, but this report is largely based on the illusion that a consortium of bankers will deliver Mexico the loans required to supply means of payment—with long-postponed delivery of that loan not yet in sight.

These three cases illustrate the fact, that the present debt-policies of the United States have reached a critical point. At this point, presently scheduled payment can not be made without destroying the physical existence of the debtor-economy as a functioning economy. The non-payment could be delayed only for a very brief period, at the price of actually collapsing those societies economically.

In the United States itself, we have reached a similar state of affairs. Given the chain-letter character of existing U.S. indebtedness, the debt is growing while the physical economy—the source of means to liquidate the debt with physical commodity values—is collapsing. The collapse of the U.S. dollar on world markets, is—primarily—a reflection of the accelerating contraction in U.S.-commodity content of the average dollar. We are at a critical point domestically, more or less as Third World debt payments are at a critical point. The only temporary alternatives, within the limits of present U.S. economic and monetary policy-structures, are Schach-

tian ones, and those are very much nothing but temporary resorts, cures more deadly than the disease, as in the Brazil case.

Solutions are possible

Speaking technically, the solution to a combined economic and monetary crisis of this present type is elementary. On principle, the obstacles to a recovery are essentially political in nature, not economic.

I am not suggesting that establishing a full recovery is an easy task. A large amount of very hard work over years will be needed. I am merely pointing to the fact, that the changes in policies needed, to halt a collapse and begin the process of recovery, are elementary.

By "economic recovery," I mean a constant or increasing rate of growth of per capita output and incomes over each year of a long-term period. I also mean, that this process of increased output-rates will continuously increase the strength of essential financial institutions each year, also over the long term. The two requirements I emphasize are, first, that there must be significant improvement, on both counts, each year, and, second, that this must be sustained for a period of a generation or more. I would accept such standards as a goal of 10% annual rates of net growth in physical output over the first five to seven years—perhaps higher later, and not less than a 3-5% annual rate of average growth of productivity.

The "hard work" is chiefly the combined labor of operatives and of mobilizing high rates of investment in technologically advanced forms of productive capacity. The 1940-43 period of the U.S. economic recovery under wartime conditions, is an example of what I mean by "hard work." Also, we must foresee a period of very tough self-discipline, needed to stabilize shaky financial institutions and financial assets, with the first year the most onerous, and with decreasing but significant restrictions over as long as approximately five years.

The key to understanding "economic recovery" from conditions such as the present ones, is to free one's mind from the grip of popularized "old witches' tales" concerning the nature of money. Among the "old witches," I include Professor Milton Friedman and like-minded monetarists.

Money, credit, and debt, are "only paper." They are not edible, not suitable for wearing in polite company, and are useless as machine-tools. Governments can wipe entire species of money, credit, and debt out of existence by a single act of law, and by another act of law create entirely new species of such paper. Under the U.S. Constitution, the U.S. Congress has the power to effect such acts of, alternatively, mass-destruction and creation of species of negotiable instruments. Every sovereign nation's government has the lawful power, under natural law, to do the same. In other words, money, credit, and debt are "political fictions."

In a well-ordered republic, as provided by our Constitution and by the model practices of President George Washington's administration, the government has a monopoly on the issuance of currency. The government has a monopoly on the creation of all credit in excess of that issued as loan of savings or as trade credit. Our federal government, similarly, has the explicit authority to regulate all interstate banking, and to regulate other banks through appropriate forms of legislation. In other words, our federal government has the constitutional powers, reserved to the Executive and Congress (not the Federal Court), to create and destroy money, credit, and debt, and to regulate the flow and terms of flow of these three categories of nominal values.

Our federal government's powers, in this respect, are extended to international finance and trade through such forms as sovereign decisions on tariffs and trade, and through treaty agreements negotiated with governments of foreign sovereign nations. By these extended powers of government, our government has the implicit power to destroy and create international monetary systems. That is, to the extent that our government establishes monetary relations with certain other states, through treaty agreements, that establishes a new monetary system. The weight of the U.S. economy is such, that if our government establishes a new monetary system in concert with some other sovereign states, that new monetary system will become quickly the dominant world monetary system.

Our government's power to act in these matters, is our government's responsibility to act so, as urgency demands action be taken. So, to every monopoly of power, there is attached a monopoly of responsibility to perform the duties consonant with the monopoly of power.

The first duty of government, faced with a crisis such as the present one, is to restructure the regulation of national currency, credit, indebtedness, and taxation, to such effect as to nullify those policies which have fostered the crisis, and to introduce efficient forms of those new policies which will promote a general and durable economic recovery.

The domestic monetary measures needed are elementary:

1) The President must declare a national economic emergency, thus activating those relevant powers he enjoys under terms of the Constitution and outstanding relevant legislative law.

2) The Federal Reserve System must be "nationalized" for the duration of the emergency, to become in effect "The Third National Bank of the United States." Congress must resume its abandoned responsibility for authorizing the issuance of legal tender, and such issues of U.S. Treasury (currency) Notes must become the sole source of new generation of credit in excess of loaned savings and trade credit.

3) New issues of credit (money) must be loaned through the national bank, primarily through private banking institutions, to promote investment in the desired form of general economic recovery, while also building-up, in this way, the stability of regional and local domestic banking institutions.

4) Federal issuance of new credit must be offered at low borrowing costs (prime rates less than 2%), and restricted to priority classes of borrowers. These loans, made largely

through the participation of private banks, should be restricted to specific classes of private and public applications. These are chiefly investments in expansion and improvement of production of physical goods, or, for financing export-production, and for essential classes of investment in basic economic infrastructure by various agencies of (federal, state, local) government, and private utilities. Other lending, except as a presidential finding of relevant national emergency may prescribe, shall be left to rely on loan of savings and trade-credit.

5) Endangered domestic banking institutions must be determined to be "essential financial infrastructure" according to terms stipulated, variously, by Congress or Presidential Order under law. The need of local communities and businesses for the service functions of such banking institutions, is the broad rule of thumb to be applied. Liquidation of institutions so classed as "essential" must be prevented, by a) declaring non-performing assets as non-accruing, and b) freezing such assets at nominal or reasonably discounted values pending necessary measures of reorganization. (In other words, government does not engage in a "financial bail-out" of the banks, but uses the powers to regulate banking institutions, both to prevent liquidation, and to render them sufficiently credit worthy that they may continue their most essential service functions.)

These monetary and related actions are merely the essential preconditions for those measures of domestic recovery which are essentially economic, rather than monetary, in nature.

These domestic emergency measures are consistent in nature with acts of cooperation with governments of foreign sovereign states, especially those foreign states which are traditionally both our friends and customary trading-partners. The following measures are outstanding in their importance.

1) It must become the policy of the United States, relative to debt-balances of those developing nations which are traditionally our friends and customary trading-partners, that their loans to U.S. nationals shall not accrue more than a non-usurious interest-rate, and payment of loans shall be scheduled in such a way as not to consume more than an agreed percentage of the foreign earnings of that national economy.

This requires consent of Congress, which may occur in several ways. a) By general legislation to this effect, such that the President need merely designate the nation formally as a friendly developing nation and customary trading-partner, to implement such meaures through the Executive Branch, or b) by Senate ratification of treaties including such provisions.

2) That future loans from the United States to such nations shall not be in the form of financial payments to those nations, but through issuance of a line of trade-credit covering designated classes of applications or specific applications to major projects. The financial lending shall be to domestic U.S. exporting firms. Such loans of lines of credit will cover, optionally, all elements of cost of inbound freight excepting charges imposed upon imports by the importing nation. Importing nations should finance the internal portion of any investment using such imported commodities from domestic resources. (No nation ought to go into foreign financial markets for monies to pay use of domestic resources, except through repatriation of funds deposited abroad by its own nationals.)

3) That the United States should express the policy of promoting the growth of per capita and per hectare output of friendly nations, and should restrict the issuance of lines of credit, either to emergency relief measures, or to investments which the nation and our government recognize as valuable to that nation for such purposes.

4) The precedent of the successful "Marshall Plan" should be a complementary feature of such policies. We must encourage participation in jointly-sponsored "Marshall Plans" by OECD nations which concur with this policy, and seek a rational division of labor with such OECD partners in the enhancement of economies of developing nations.

5) It is the responsibility of the U.S. government to assist U.S. banks holding foreign debt in bridging the period of adjustment to reorganized schedules of debt-payments by developing nations. This means often declaring affected assets as non-accruing, but this does not occur in vacuum. These same financial institutions will benefit greatly from participation in expanded use of federal credit for domestic investments, including credit issued domestically to U.S. exporters. Our basic intent must be to shift rapidly the composition of banks' portfolios, to reflect growing rations of viable new credit issued.

6) The United States must seek to establish a system of fixed parities of currencies among customary trading-partners. Currencies should be implicitly pegged to a gold monetary-reserve standard, pricing gold at a parity price consistent with sufficient new production of gold to meet monetary as well as industrial requirements.

7) The United States must seek to increase its volume of exports by not less than $200 billion annually, with a medium-term target of a $500 billion level above present ones. It must be the responsibility of the federal government, aided by state and local governments, to promote this, and to assist smaller as well as larger U.S. domestic firms to find and enjoy stable opportunities in such markets. Since most developing nations have a vast objective need for growing volumes of capital goods and engineering services imports, the implied duties of the federal government are virtually self-evident. In developing-sector infrastructural needs alone, there is a present deficit in the order of trillions of dollars, a need which could not be satisfied except through joint efforts of OECD nations.

This translates into a very large increase in numbers of workplaces for operatives in the United States, and for higher rates of turnover of machine-tool and related capital investments in the U.S. domestic economy.

To be continued.

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