

Alfonsín's program is recessionary and shrinks the tax base, while raising tax rates. The economy produced 4.2% less during the first half of this year than the first half of last. His real intent was to cut imports and raise exports, because he projected that a \$900 million trade surplus for the year would not pay Argentina's \$4.4 billion interest bill, \$700 million higher thanks to U.S. rate increases.

Argentines groaned on hearing of the tax increases, but the World Bank was ecstatic and the U.S. Treasury announced it would join in a \$500 million bailout loan, so Argentina could pay overdue interest. "The willingness of the United States to participate in this multilateral effort indicates strong support for Argentina and its economic reform efforts," declared the Treasury.

New options for debtors

On Nov. 26, the Presidents of Ibero-America's major democracies will hold their first regional summit since 1825. It was expected that the meeting would be dominated by the disastrous policies of the three biggest debtors—Brazil, Mexico, and Argentina—of subordinating their economic policies to the will of their creditors. Now, the creditors have lost their magic powers, and their "threat not to lend" has less credibility than ever. Prospects for exports to the United States are dim.

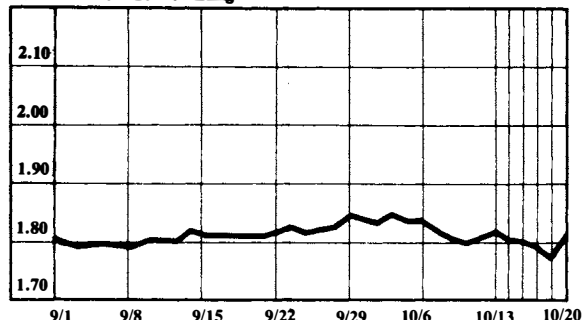
In this context, the ideas proposed by Lyndon LaRouche in 1982 for refinancing the debt long-term and at low interest, while financing \$500 billion annually in exports from the developed countries to develop the South, could replace the no-win debt strategy all countries but Peru have followed.

Peruvian President Alan García, in an interview Oct. 10, called for the creation of a common market to unify the economies of the continent. García reiterated, "Only the construction of an Economic Market can allow Latin America to assert itself on the world scene, and give it instruments with which it can develop its potentialities."

Currency Rates

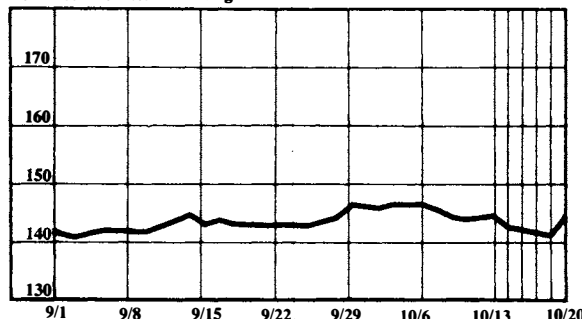
The dollar in deutschemarks

New York late afternoon fixing



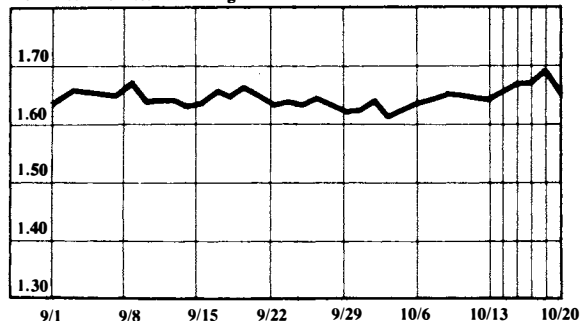
The dollar in yen

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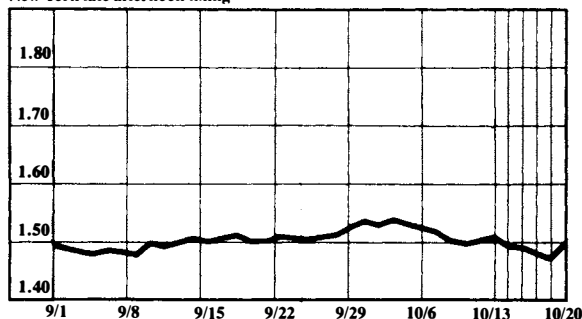
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