

reserve; below-inflation-rate wage contracts; the major unions, IBT, UAW and USWA should be forced to accept a comprehensive effort at further deregulating the economy, starting with trucking; and repeal of the Davis-Bacon Act, as well as the Fair Labor Standards Act.

In his quest for "eliminating the automatic destabilizers," unemployment benefits, welfare agencies, etc., Peterson boldly states in the section "The Politics of Aging" of his speech that there are many, far too many old people in the United States; their numbers and the outlays they require are unbearable; "they form one of the most vociferous and well-organized lobbies on the Hill. *We are reaching the limits of common sense and equity.*" Peterson argues that either the elderly will have to go back to work, or they will have to do with far less.

'Thirty percent rates'

In his "Politics of Housing," Peterson brings the proposals of the Brandt Commission home to the United States, which has "superabundant housing," in fact far too many houses, he says. The "American housing dream" is termed the prime cause of the fall in fixed investment over the last decades! So bold a lie is only matched by the viciousness of the proposed policies, which amount to reducing the American population in order to "solve the problem of the deficit."

Ronald Reagan does not share this doctrine. Should he nonetheless agree to carry out the policies it stipulates, the results will be irreversible, as articulated by one of Peterson's closest partners at Lehman Brothers, who explained privately that "the present level of interest rates generates fundamental change in the economy, the credit system, and the political system: less economic growth and a decreased demand. The whole economy is being permanently transformed, towards less industry.

"Interest rates should be at 30 or 40 or even 50 percent, but people are always afraid that the whole house will fall apart, so they refrain from such extreme, but necessary measures.

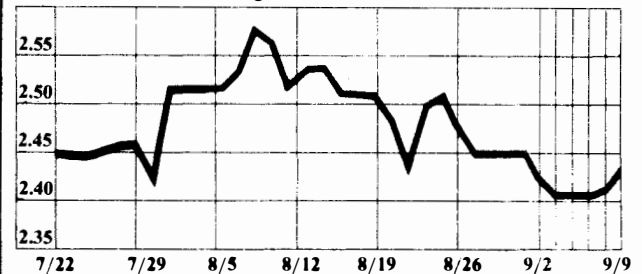
"Why worry about bankruptcies? We must re-allocate resources at new levels of productivity. There will be very little economic growth in the next decade anywhere in the world; virtually none at all in countries which reject Keynesian solutions. In countries that embrace Keynesian solutions, they will end up with different political regimes . . . be they black or red does not matter. There will be a lot of things that will explode."

This is the long-term outlook of those who have methodically charted the drift of the administration into more severe austerity, harsher deflation, and ultimately a violent economic collapse. The current liquidity panic is of their doing—it is an attempt to complete the encirclement of the President.

Currency Rates

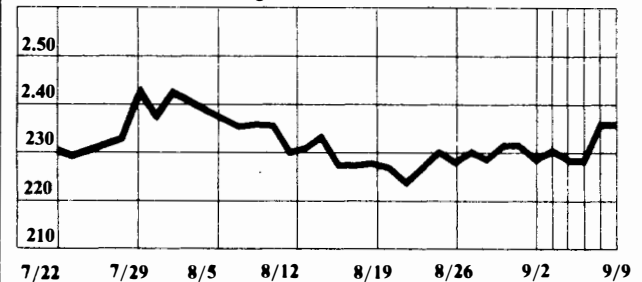
The dollar in deutschmarks

New York late afternoon fixing



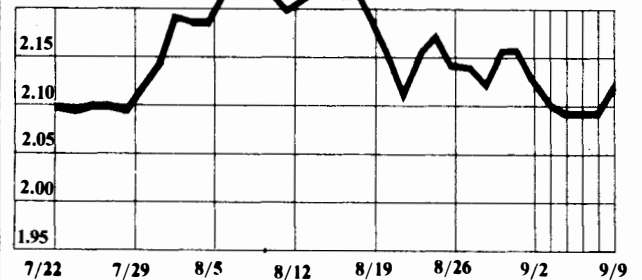
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon



The British pound in dollars

New York late afternoon fixing

