

## International Credit by Cassandra

### It's official: U.S. a debtor nation.

*It's part of a bubble that will burst, and that's what the Russians are counting on.*

**I**t's now official. What this magazine has reported to be the case for the last few months, is now officially recognized by the U.S. Department of Commerce. The United States is once again a net debtor nation on its current account.

This awesome shift, of historic proportions, was announced by Secretary of Commerce Malcolm Baldrige in a press conference on Monday, March 18. Not since 1913 has the United States been in such a position; 70 years of national progress, and development, have been officially wiped out.

The United States is on its way to becoming a colony again, of the same financial interests against which the first American Revolution was fought, and whose slavery system Abraham Lincoln abolished.

Baldrige reported that the United States is \$101.6 billion dollars in the hole.

Others, like the former head of the President's Council of Economic Advisers, the Harvard-roasted Marty Feldstein, didn't hesitate to jump in with more gratuitous advice. We should change our ways, he claimed, and should reconcile ourselves to putting aside, each year, a certain portion of our production of goods, to pay the charges incurred to the account of debt.

Paul Volcker, as befits the man who has, perhaps, done more than any other single individual, to bring this situation about, in his relatively brief term as the Chairman of the Federal Reserve Board, was somewhat more

modest. He thought America would have to alter its behavior. He should know. He's the biggest behavior modification expert the country has seen.

This magazine was the first to report it when, nearly three years ago, the United States became dependent, for the first time since World War I, on imported foreign capital. We also reported, first, last year, when we moved into the red.

But now, as usual, reality has run ahead of those who say they are in control of the country's economic policy. The United States is not simply a debtor, by a little bit. The United States is actually, technically, fully bankrupt. The continuation of the Carter-Volcker policies over the last four years has turned us into a debtor, and an insolvent debtor at that.

If this country were treated as a corporation, or bank, it would have been put into receivership.

Out of a world total debt conservatively estimated by this magazine to approximate more than \$20 trillion dollars, the United States owes \$6.8 trillion. That's not only foreign debt. The \$6.8 trillion includes all kinds of debt, consumer debt, corporate debt, bank debt, government debt.

We have to pay the equivalent of five times the deflated dollar value of the goods we physically produce to simply service that debt this year. That is about \$2 trillion. Every three months, the mass of debt the country is expected to service and rollover is in excess of the annual physical production of the country. A corporation, or bank,

trying to do that would have rolled belly-up a long time ago. Every average American is \$30,000 in debt. Every goods-producing American is expected to service over \$200,000 of debt every year.

The debt is obviously going to have to be reorganized. But if the United States is a debtor, if the nations of Ibero-America, Africa and Asia are debtors, if the nations of Europe are debtors, who is left to be the creditor?

The bankrupt United States is not alone. Every other nation in the world is in the same position. The world does not produce enough goods to service the more than \$5 trillion demanded as tribute on the total \$20 trillion worth of debt.

In this case, the creditor is not a nation, or even group of nations, but an autonomous group of international financial institutions, acting on behalf of other groups of large insurance companies, and family funds.

The names associated with this group are, for example, the International Monetary Fund, the executive arm of the creditors, and the Bank for International Settlements, the creditors' clearing institution, and the national banks they control, like the Federal Reserve.

The creditors, who represent no government or nation, but only their own paper, intend to put the nations into receivership, to revive a new form of feudalism, based on Babylonian forms of usury, running a society of debt-slaves.

What will happen to this bubble? What happened to every bubble in human history: It will burst—sooner, rather than later, if the Carter-Volcker policies are allowed to continue. And that's exactly what the Russians are counting on, if Baldrige, and his friends in the economic division of the administration, only had the wit to see it.