

cuts, eliminating the excess demand in investment and intermediate goods market." He wants, through cuts, to move from a deficit to a surplus budget as quickly as possible, to reach a zero rate of growth of monetary supply, rejecting at the same time major foreign aid financial assistance which is "not only wrong but dangerous because [it will] decelerate the change of the system."

The 'Mexico of Europe'

So everyone can clearly see that Klaus not only does not have a plan to promote industry and agriculture, but he does not want to have it. The end result of his policy will be catastrophe. Czechoslovakia, which managed to maintain a relatively high industrial and technological standard in the Soviet-dominated East bloc, has gotten a communist inheritance of an industry with backward technology compared with German or Western European standards, low productivity, poor product quality, no market in the West, lack of efficient infrastructure, communications, and transportation, an unbalanced bureaucratic management, a market totally oriented toward Moscow, and a proportionally gigantic armament industry of which a part must be converted. Consequently, no one in the world of the free market would buy a product made in Czechoslovakia if he can get a better Western product. On the contrary, due to the incredible devaluation, foreign capital can buy everything cheap in Czechoslovakia and, conversely, Czechoslovakia cannot buy anything (in particular a high-technology product) in the West. This system is de facto transforming the country into a Third World, colonial entity. At the present time, countries of Africa or Latin America are used to extract raw materials; here, the main raw material is relatively qualified but cheap labor. I believe that the plan of the free market proponents is to transform Czechoslovakia into the "Mexico of Europe," looting the cheap labor.

In the short to medium term, this system will lead to a collapse of the domestic market and a total block on technological modernization for lack of funds. The restrictive credit policy implies a foreign takeover, and an impossibility for the formation of a national Mittelstand, small- to medium-sized private entrepreneurs, which is the only alternative to what Klaus calls the monopolist state. And the alternative to this monopolist state will then be to sell the state entities to foreign, international cartels.

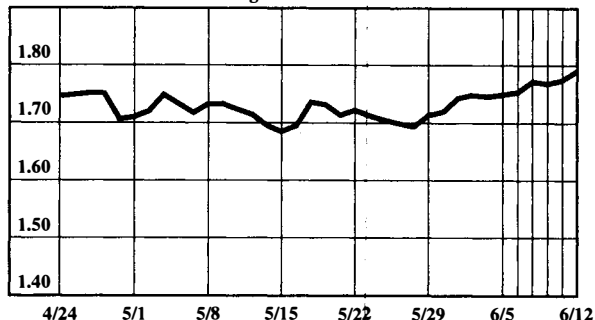
Klaus's policy is putting before the nation two alternatives: internal market and production collapse, with all the imaginable social and political consequences, or pushing Czechoslovakia back into the arms of the Soviet Union, i.e., to continue to produce for the old system, as a province of the Soviet or Russian Empire.

There is an alternative: participate in creating a continental European system of economic development, the American System, the industrial system of the "Productive Triangle."

Currency Rates

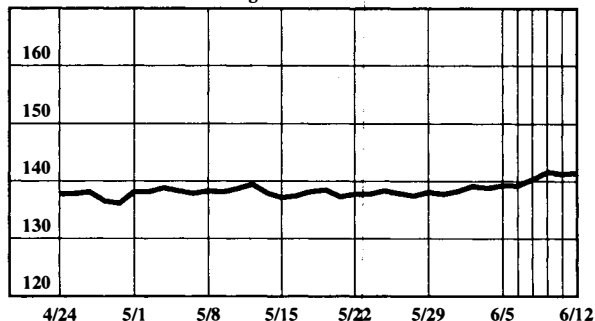
The dollar in deutschemarks

New York late afternoon fixing



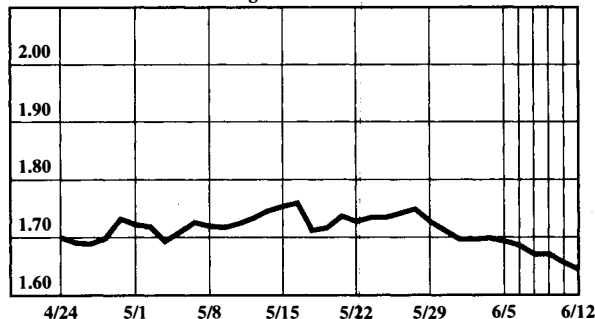
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

