

would rapidly go the way of Campeau.

The market is primarily handled by the large investment houses, among them Drexel Burnham, First Boston Corp., Merrill Lynch, Morgan Stanley, and Goldman Sachs. These houses have been left holding both the devalued paper from the panic which erupted Sept. 13-15, and at least \$7 billion, and certainly in excess of \$10 billion worth of new junk bonds which were slated to be introduced to the market for the refinancing of old deals, or to facilitate the financing of new deals, such as the in-progress buyout of Time-Life.

Earlier, the *Wall Street Journal* had begun to run, by Sept. 21, the same kind of articles that were published after the stock market crash of October 1987. Exactly, how does one compute the attributed value of this paper, is the question now being asked? The answer is, at whatever the price the so-called market will bear, and if no one will buy the stuff, then it is no longer worth the paper it is printed on. So at first sight, the investment houses which hold the collapsed and

the unsold paper are, so to speak, in very bad shape.

But it is worse. The takeover binge since 1987, based on the continual upward motion of the Dow Jones Index, promising vast rewards if new, higher stock values could be cashed in on by selling off companies with lower book values than their stock or other assets, has contaminated all financial values. With the collapse of the market in junk debt, already all other paper outstanding has effectively been collapsed to this discount already reached in the junk markets. It is only a matter of time before this becomes perceived as the shock effect devaluation of all paper instruments.

Before the second week of September, the Securities and Exchange Commission was investigating the extent to which mutual funds, and other institutional investors, were overvaluing holdings of junk investments. Charges ranged from as much as 30% over what the paper would command if sold, to as low as 5-15% below. The collapse of Sept. 15 makes those numbers conservative.

## LaRouche's proposals for economic reform

Lyndon LaRouche's major initiatives in the economic domain prior to 1985 were encapsulated in the 1985 book, *Program for America*, issued by The LaRouche Democratic Campaign. Other publications listed here have appeared as books or articles. This list is exemplary, but by no means comprehensive:

**April 24, 1975** International Development Bank proposed in Bonn, West Germany.

**Oct. 19, 1979** Warning that Volcker's high-interest measures will lead to disaster.

**Aug. 2, 1982** Publication of *Operation Juárez*, a book-length proposal for turning the Ibero-American debt crisis into a continental Common Market and a worldwide economic boom.

**June 1983** *There Are No Limits to Growth*, 225-page book published by the Club of Life.

**February 1984** *So, You Wish to Learn All About Economics? A Textbook on Elementary Mathematical Economics*, 191 pages.

**1984** Nationally televised presidential election campaign broadcasts: **Feb. 4** "Stopping the Worldwide Economic Collapse." **March 17** "Great Projects vs. Kissinger Genocide." **April 27** "The United States Under President

Reagan's 'Hoover' Recovery." **June 1** "Stopping the Present Spiral of Worldwide Financial Collapse." **Sept. 3** "The Emerging Food Crisis in the United States."

**April 1985** "The Global Financial Breakdown Crisis," introduction to the EIR Quarterly Economic Report.

**August 1986** *La Integración Ibero-Americana*, 340-page manual on Ibero-American integration based on LaRouche's Operation Juárez, with introduction by Lyndon LaRouche. Serialized in *EIR* in 1986-87.

**Jan. 30, 1988** LaRouche outlines "The Tasks of Establishing an Equitable New International Monetary Order," at a conference on the collapse of the Bretton Woods System, in Andover, Massachusetts. (Published in *Development Is the New Name for Peace*, Schiller Institute, 1988.

**March 3, 1988** In "The Woman on Mars," a nationally televised presidential campaign broadcast, LaRouche outlined the enormous profit to the civilian economy to be expected from a 40-year program to colonize the Moon and Mars.

**July 19, 1988** LaRouche at Democratic Convention in Atlanta, Georgia warns delegations that U.S. food deliveries to U.S.S.R. could become trigger for war. Organizing begins for Food for Peace movement, which is founded in September in Chicago.

**Oct. 12, 1988** At a press conference in Berlin, LaRouche outlines a policy to bring about German reunification by "economic diplomacy," establishing "food for peace" agreements in which the U.S. and Western Europe cooperate to rebuild the economy of Poland.