

Business Briefs

Operation Juárez

Call for common market reiterated by SELA

"Integration is now more than an option: it is the only solution that Ibero-America has to protectionism, the world crisis, and the high foreign debt," said the head of the Latin American Economic System (SELA) Carlos Alzamora, in statements to the press Dec. 15. Alzamora called for a "trade accord on a regional basis" which would further integrate the economies of the continent. Along the lines of U.S. economist Lyndon H. LaRouche's "Operation Juárez" proposals for an "Ibero American common market," Alzamora stated that Ibero-America's capital-goods needs in the 1980s will amount to \$400 billion, 60 percent of which could be supplied by these countries themselves. The only obstacle, he said, is "getting the financing which allow us to compete with foreign products."

According to the Mexican press, Alzamora is now in Lima, Peru meeting with officials from other Latin American economic associations to map out "a common Hispano-American strategy regarding the foreign debt," and the advanced sector's closure to imports from the Third World. According to Alzamora, the "Lima meeting is an emergency alert."

Alzamora's statements were echoed the same day by Guillermo Maldonado, representative of the Economic Commission for Latin America, also in Lima. What is required, Maldonado told the press is that Ibero-American governments put together "our own political project, which, in the short and medium term, establishes response mechanisms to the foreign debt, in tune with the people's aspirations for development." The CEPAL official added that although he does not promote a joint debt renegotiation, "Ibero-America has some means of pressure of its own to use" in confronting the international creditors.

The Lima discussions were echoed in a mid-December meeting of political parties from several Ibero-American countries in La Paz, Bolivia. According to the daily *El Sol de Mexico* Dec. 16, the meeting, which has been attended by political leaders from Argentina, Bolivia, Brazil, Peru, Ecuador, and Uruguay, has called on "Ibero-Ameri-

can governments to establish the basis for joint renegotiation of their countries' foreign debt."

The La Paz conference also reviewed Ibero-America's strategic situation after the Malvinas War and the return of Bolivia to a democratic regime.

Philippines

Marcos cuts back key projects under pressure

Pressured by World Bank-IMF recommendations to reduce the widening balance of payments margin, Philippine President Marcos has asked for an immediate stoppage of all development projects which involve foreign exchange expenditures.

President Marcos's decision followed the recommendation of his technocratic Prime Minister Caesar Virata, who told the press Nov. 19 that "We cannot do it any more." Earlier, Central Bank of the Philippines Governor Jaime Layn sent a report to the President, which was made public later, stating that the bank can no longer finance government deficit spending because public sector borrowings are already above the prescribed benchmark.

It is no secret that over the last two years the IMF had made clear to the Philippine government that the IMF loan will be made available only if Manila imposes conditions whose main thrust is toward reducing the budget deficit and limiting government borrowing from the central bank.

World Trade

Japanese executives plan mission to Moscow

More than 150 Japanese business executives have flooded the offices of Shigeo Nagano, Japanese head of the Japan-Soviet Business Cooperation Committee, with requests to join his mid-February mission to the Soviet Union. In mid-October, Soviet Vice Foreign Trade Minister Sushikov visited Tokyo and urged Nagano, who is also head of the

Japan Chamber of Commerce and Industry, to resume meetings of the Cooperation Committee. It has not met since the Soviet move into Afghanistan.

With Japanese business starved for export markets and the U.S. sanctions gradually being eased, Nagano readily agreed.

At present, Japan-Soviet trade, at half the volume of Japan-China trade, comprises 2 percent of total Japanese foreign commerce. Japanese business complain that there is little room for Japan-Soviet trade to grow unless the current restrictions on Japanese Export-Import Bank financing are lifted. Such restrictions make export of large industrial projects prohibitive.

Originally only 20 to 30 businessmen were expected to go on Nagano's Feb. 22-27 trip because of these restrictions. However, the accession to power inside the U.S.S.R. of Yuri Andropov, whom the Japanese believe will want to step up Siberian projects, and the partial easing of U.S. sanctions following the November elections, led to the view that new project opportunities might develop.

Think Tanks

Bergsten leads gang-bang of world economy

"We knew the Shultz-Kirkland crew were out to screw the economy, but we had no idea they were organizing a gang-bang," remarked a veteran economic policy analyst after a Washington, D.C. press conference at which C. Fred Bergsten, Executive Director of the Institute for International Economics (IIE) and former economic adviser to Henry Kissinger, unveiled "A Statement on Global Economic Strategy by Twenty-Six Economists from Fourteen Countries." The signers of the statement, titled "Promoting World Recovery," are the leading Socialist International and "liberal" Democratic Party frauds, most of whom have been active over the last 10 to 30 years in promoting and implementing the policies which have brought the world economy to the brink of disaster. The gang of 26 includes Bergsten, Richard Cooper, formerly an Undersecretary of State for the Carter administration, Rimmer de Vries of Morgan Guaranty Trust,

Briefly

● **THE GROUP OF 30**, the private advisory group of the International Monetary Fund, met in London in mid-December to assess the financial "fire brigade" measures Western governments have employed since September to ward off monetary crisis. Commenting on the gathering, Switzerland's *Neue Zürcher Zeitung* wrote Dec. 16: even if such fire brigade bridging techniques succeed "in preventing direct catastrophes, the danger of a great international banking collapse is not yet eliminated."

● **FRED IKLE**, U.S. Defense Undersecretary, told the Austrian newspaper *Die Presse* this week that the United States suspects that high-technology patents and industrial blueprints under American control were being siphoned to East bloc countries through Austrian companies involved in East-West trade. Iké told *Die Presse* that there are "over a hundred Austrian firms" with access to American data banks and American microprocessing technologies which were viewed as vulnerable.

● **A U.S. STATE** Department source reports: "There have been studies in the U.S. government of one or more countries in a fit of nationalism repudiating their debts, but the conclusion is that the disincentive is so strong . . . that this will not happen."

● **JAPANESE** Prime Minister Yasuhiro Nakasone told the Japanese Diet that the passage of the "domestic content" auto legislation by the U.S. House of Representatives could cause a further deterioration in the already depressed world economy by accelerating protectionism. However, Nakasone—who is eager to present a conciliatory face in preparation for his mid-January trip to Washington—added that Japan cannot ignore the sentiment shown by the 215-188 majority for the bill. Therefore, he said, Japan must further open its own market to avert protectionism. The bill is not expected to be brought to a Senate vote this year.

Nobel laureate Lawrence Klein, Club of Rome founder Saburo Okita, and Democratic National Committee economist Lester Thurow. Prior to his appointment as Secretary of State, George Shultz was a member of IIE's advisory board.

The gang's plan is to implement a globally dictated plan of moderate fiscal and monetary expansion in order to prevent bank failures while their long-term strategy, a globally dictated reduction in wages and social benefits, is put into place. As these liberals delicately phrase it, "In some countries real labor costs have risen. . . . Where this has been due to a rapid rise in social security contributions and other nonwage labor costs, the solution lies in lowering the rise in social expenditure and restructuring its financing. Where the problem is that real wages are too high, efforts should be made to bring about the necessary correction, as by seeking a better understanding of the nature of the problem by the social partners."

Ibero-America

Argentina forestalls new military coup

More than 100,000 Argentines marched through the streets of downtown Buenos Aires Dec. 16 in the largest political demonstration there since the military took power in 1976. Despite violent incidents at the end, which left three dead and over 50 injured, the demonstration was viewed by knowledgeable observers as a show of strength which makes it almost impossible for a hard-line faction in the military to pull a "coup within the coup" and close off the country's moves toward presidential elections in 1983.

The march was called by the *Multipartidaria*, the alliance of the five major civilian parties, which are pressuring the government for the elections. Leaders of the *Multipartidaria* urged moving up the elections to October and even May 1983. The government of Gen. Reynaldo Bignone is currently committed to elections at the end of 1983.

The successful demonstration of the *Multipartidaria* followed by exactly 11 days a 24-hour general strike by the Peronist-led CGT labor confederation, which shut down

"95 percent of the country," according to sources inside and outside the government. The principal demands of the labor upsurge included ripping up austerity agreements of the government "negotiated behind the country's back."

Public Policy

Lazard Brothers praises Nazi 'recovery'

A senior spokesman for Lazard Brothers of London, of the financial empire that includes the *London Economist* and the *Financial Times*, gave a remarkably frank view of his outlook for the world economic situation when he praised the Nazi economic "recovery" in an interview Dec. 16.

"I'm not surprised at Brazil's quasi-default," he stated. "With the present shape of the world economy and the debt burden, all debtor countries find it increasingly difficult to accept such terms as the IMF imposes on them in order to provide bridging finance. . . . If the commercial banks—who bear the brunt of the losses—accept these moratoria, under pressure from central banks, more breathing space will be created. But there is no world economic recovery."

The IMF and Bank for International Settlements are just buying time, the spokesman went on. But policy is clear: the debt must be repaid in real terms. "But the implementation is very, very difficult. . . . The profile of what will come later can only be answered once the system has collapsed. There will be a crash first and then reorganization. And what happens then? The political elements are very important. . . .

The Lazard Brothers official praised the "increase of production that occurred in Nazi Germany. . . . There was a recovery, which you call cannibalization, but I call rearmament. It was a controlled but to some extent free-market economy, and it worked.

"We will probably revert in the event of a collapse to regional groupings. . . . It will resemble the inter-war years, won't it? And then we will probably go to a commodity-standard, with gold the most convenient medium. . . . It's just what Dr. Schacht [later Hitler's Finance Minister] did in 1924 with the Rentenmark."