

# Business Briefs

## International Finance

### **British angered by Thatcher's Brazil stand**

London's *Daily Telegraph* asserted in an editorial July 14 that those members of the international political and financial community who have attempted to force Brazil to default are reckless and "insouciant," and are ignoring the effect this will have on the world financial system: a complete collapse of the banking system.

In a second commentary, on Brazil, the *Telegraph* warned that if the International Monetary Fund forces Brazil to intensify the austerity conditions demanded in exchange for loans, this will have "catastrophic consequences" for the country's economy. Brazil, the *Telegraph* noted, "may be preparing for a siege economy," in concert with other Ibero-American countries, to counteract the IMF's assault.

The editorials are the result of a fight occurring in Britain over the way British Prime Minister Thatcher has thrown in her lot with the Swiss banking community in forcing a no-holds-barred confrontation with Brazil over its debt. Insider sources in London report that in mid-June Thatcher arm-twisted the Bank of England to support the Swiss earlier in a move to bludgeon Brazil, by refusing to give Brazil an extension on a \$400 million payment owed to the Bank for International Settlements—although the Bank of England was under pressure from British commercial banks not to support the Swiss confrontation move.

"We have priority over the BIS in getting repayment," a British financial source stated, criticizing Thatcher's moves. BIS chairman Fritz "Leutwiler's statement was a disaster and a complete surprise" for London banks, the source noted.

## Ibero-America

### **La Vie Française: 'eve of third world debt battle'**

An article in the French business weekly *La Vie Française*, reporting on the Brazilian

debt crisis, quoted at length the final declaration of the Caracas Congress on Latin American Political Thought. "This conference brought together all the political and intellectual 'heads' of the Latin-American continent and devoted much of its labors to reviewing the debt situation and studying the ways and means of establishing a *debtors' cartel* and developing its action, with its objectives the declaration of a multilateral debt moratorium, the mutual protection of member nations, and the collective renegotiation of debt."

After quoting the most important parts of the Caracas declaration, *La Vie Française* noted the upcoming July 24 meeting of the Andean Pact in Caracas: "The agenda is: the actual establishment of the debtors' cartel and its executive and defensive agencies. The rules of the international money game are changing. What the moratorium pushed by the cartel can create is a geometry in which the real economy will regain its primacy over the financial cancer."

Exposing Fed Chairman Volcker's plan to bail out the U.S. banks, the article noted "the IMF is broke," and pointed out that Volcker's plans would entail a dollar hyperinflation.

## Labor Policy

### **Kirkland disputes own resolution**

The International Congress of Free Trade Unions, at its June 23-30 congress, passed a disarmament resolution favoring what Yuri Andropov and his Third Rome forces want. The heart of the resolution issued in Oslo, Norway states:

The ICFTU and its affiliates will press for:

Cessation of nuclear weapons testing and production; for the pursuance and conclusion of bilateral agreements between the U.S. and U.S.S.R. on reduction, limitation and control of theatre and strategic nuclear weapons; in particular for the withdrawal and termination of SS-20s by the U.S.S.R. and abandonment by the U.S. of deployment of Pershing II and cruise missiles; and the production of enhanced radiation neu-

tron weapons; for the agreement on creation and progressive enlargement of nuclear free zones.

Using the slogan "It is better to die on your feet than to live on your knees," Kirkland posed "reservations" to the resolution, which he helped write and nonetheless endorsed.

But Kirkland expressed no such concern when interviewed by an *EIR* associate, editor of the Swedish *Energi & Utveckling* magazine. He acknowledged that the Soviets are developing beam weapons—an effort his resolution would prohibit the United States from doing.

"What do you think of President Reagan's 23rd of March proposal?" Kirkland was asked.

"Well, it's good if it could be done, but I'm afraid it's pie in the sky," Kirkland replied.

"Do you think the Russians are working on it?"

"Yes, it's likely," said Kirkland.

"So you mean that the Russians are putting a lot of money into something that is pie in the sky. Is that likely?" he was asked.

Replied Kirkland, "What magazine did you say you worked for?"

## OPEC Finances

### **Arabs withdraw more foreign assets**

The Arab oil-exporting countries increased the rate of their withdrawals of deposits from foreign branches of U.S. banks during the first quarter of 1983. According to the Federal Reserve on March 31, the Middle East oil exporters had a total of \$13.23 billion deposited with foreign branches of U.S. banks (a seven-year low), down from \$15.5 billion at the end of 1982. The Fed reported that in the first three quarters of last year Arab oil exporters held \$17.6 billion in foreign branches of U.S. banks.

OPEC's total deficit this year is expected to hit \$70 billion. The traditionally wealthiest oil exporter of the oil cartel, Saudi Arabia, has already officially announced a projected deficit of \$10 billion this year. But other Arab sources project Saudi Arabia's

deficit could be as high as \$30 billion because of drastic cutbacks in oil sales. Saudi oil exports remain less than half their record high of more than 10 million barrels a day of two years ago.

### Technology

## Los Alamos scores laser breakthrough

Los Alamos Scientific Laboratory reports that it has achieved a major breakthrough in the development of high power, short wavelength gas lasers for both fusion and beam weapons. In June Los Alamos researchers successfully fired the world's most powerful krypton-fluoride (KrF) laser. This system is the result of a program begun in March 1982 and represents both a scientific and technological advance of great proportions.

The facility was completed in record time and will put out a 20 kilojoule laser pulse in one microsecond when brought up to full power. The initial tests demonstrate, though, that the KrF laser technology is economical, readily scalable to high energies, and not overly complicated. The full 20 kilojoule output, which will be achieved in the near future, represents a thousand fold scaleup over previous levels. As Los Alamos scientist Allen Hunter noted in the press release, these recent tests are most significant in that they demonstrate that further scaleups to the megajoule level are feasible. This would be the sort of regime needed for both laser fusion and beam weapon applications.

The KrF is a short wavelength, .25 microns, gas laser which operates with efficiencies above 5 percent. The KrF gas is excited to a lasing mode by injecting a high power electron beam. Because of its potentially compact size, short wavelength and efficiency, the KrF is an excellent candidate for both space-based and ground-based antimissile defense. For both inertial confinement fusion applications, though, the KrF laser pulse output will have to be greatly compressed in order to achieve the required hundred terrawatt power levels. Dr. Hunter noted that this can be achieved by multiplexing the laser beam. Multiplexing consists of

optically cutting the long beam up into pieces and optically stacking those pieces into a single short pulse. Another pulse compression technique being developed at Lawrence Livermore National Lab is that of Raman nonlinear gas compression—during the interaction with a gas the laser beam is reflected and compressed.

Because of its short wavelength, ease of construction and economy, the KrF is the ideal near-term candidate for commercial laser fusion power plants.

### International Forecast

## A rare bit of Swiss economic sanity

The latest issue of the prestigious Swiss newsweekly, the *Schweizerische Handelszeitung* (SHZ) carried a surprising interview with F. T. Haner, head of the widely-known risk-analysis firm BERI International. Under the headline "Debt write-down," Haner said, "Alone, a debt forgiveness, worldwide, could adjust the payment obligations of the overindebted 'threshold nations' with their long-term carrying and paying capacity, and thanks to this, allow industrial nations to pursue trade with these important clients. . . . The debt forgiveness would cause substantial capital losses for internationally active banks. These losses should be offset by the issue by the countries of residence or an international organization of guaranteed, low-interest rate, long term securities that would replace the assets in the balance sheets of the banks."

Haner reported that he expects a world debt conference in 1985, but "until then, several financial crises will break out. Even before the end of this year, Mexico will find itself unable to service its debt service. Brazil and the Philippines will have to declare a debt moratorium within the next few months. In early 1984, the newly-elected Argentine government will repudiate the debts incurred by its predecessors."

Haner further warned against the "foolish assumption" that the United States could or would bail out every nation—a rare piece of sanity to appear in the Swiss press.

## Briefly

● **AFRICAN DEPOSITS** in U.S. banks abroad declined to \$709 million by the end of the first quarter from \$1.23 billion as of September 1982.

● **THOMAS KOCHAN**, professor of industrial relations at MIT's Management School, boasted to *EIR* July 8, "We have not seen changes in labor contracts like this since the 1930s. Paul Volcker has played a tremendously important role in this. He has created widespread unemployment and the climate for changes which otherwise may not have happened. In addition, the high interest rates have squeezed those basic industries which have collective bargaining contracts. The recovery will be characterized by excess capacity and unemployment, which will make future changes possible."

● **COUNT Otto von Lambsdorff**, West German Minister of Economics, called for "further expanding and deepening of Soviet-West German cooperation in the economic, scientific, and technical fields," according to a July 1 *Izvestia* account of an interview Lambsdorff gave to Novosti Press agency. All of this would be discussed in an upcoming session of the Soviet-West German joint inter-governmental commission, Lambsdorff said.

● **U.S. CORN ACREAGE** planted in 1983 is the lowest on record, according to the U.S. Department of Agriculture. Corn planting this year covers 60.1 million acres, down 27 percent from 1982; and planting for other grain was estimated at 52.5 million acres, down 28 percent from the year before. USDA estimates sorghum planting at 11.6 million acres, the lowest since 1949.

● **ROBERT HOLZACH**, head of the Union Bank of Switzerland, explained Swiss policy toward debtors in a speech he gave in New York City July 10: "Sovereignty is no substitute for solvency."