

# Business Briefs

## Debt Bomb

### Leutwiler worried about U.S. interest rates

Fritz Leutwiler, president of the Swiss National Bank and the Bank for International Settlements, said on May 24 that the rise in U.S. interest rates has added new strains to the debt crisis. "Central bankers must be on guard," he warned.

Leutwiler declared that he saw a positive side to the Continental Illinois bank crisis. The action of U.S. authorities in coming to the aid of Conti demonstrated the power of the authorities and their will to intervene in a major crisis, he said.

In an interview published in *EIR* March 1, 1983, Leutwiler had said that the U.S. Federal Reserve had no idea what it was doing and that "the hope of a U.S. recovery is ill-founded, wishful thinking."

## Colombia

### Liberals, bankers fear debtors' cartel

Colombian President Belisario Betancur's support for joint efforts by the Ibero-American debtor countries to solve the debt crisis has drawn the angry attack of the nation's liberal news media.

"Colombia is the only nation which still gets short-term credits for trade. To continue encouraging a meeting where a debt moratorium would most likely be posed as a reaction to the increase of interest rates which affect us very little, might be a good gesture of Latin American solidarity, but could become fatal for Colombia," declared the drug-*mafia*-backed liberal newspaper *El Tiempo* on May 25. The paper complained that Colombia, unlike Venezuela, had responded to recent moves toward a debtors' cartel with "great excitement."

*El Tiempo* echoed statements made May 24 by Chase Manhattan Bank's representative in Colombia, James Therrien, who threatened an international credit cut-off in the "near future" were Colombia to be in-

cluded in a "debtors' cartel." Colombia now enjoys a uniquely "favorable" status, he said.

## Venezuela

### Goldman, Sachs brings in Kissinger, McNamara

*EIR*'s correspondent in Caracas, Carlos Mendez, issued a press release May 21 revealing that the New York investment house Goldman, Sachs & Co. is enlisting the services of Henry Kissinger to line the pockets of his banker friends and himself, at the expense of the nation of Venezuela.

Goldman, Sachs is proposing to Venezuelan businessmen that it become their adviser in negotiations with foreign creditors, in view of the fact that "it has at its disposal the talents of the members of its Advisory Committee, amongst whom are found Dr. Henry Kissinger, Mr. Robert McNamara, and Mr. Henry J. Fowler, who are available to be consulted on all aspects of the international business of the company."

The memo states that these advisers will give Venezuela's private debtors the power required to force "creditor banks" to give the best conditions to their Venezuelan clients.

Full details of this scam will appear in next week's *EIR*.

## East-West Trade

### Italy signs gas deal with Soviet Union

Italy and the Soviet Union will sign a 25-year agreement for the annual delivery of 8 billion cubic meters of Soviet natural gas to Italy, Radio Moscow reported on May 23. By the end of the decade, Italy will be 40% dependent on Soviet natural gas.

The Soviets reportedly promised the Italians that they would use revenues from the gas deal to import Italian products.

The trade deal further consolidates Italy's recent opening to the East. Carlo De

Benedetti, a director of the Olivetti corporation, recently stated, according to *La Repubblica* newspaper: "There can always come a time when, brushing away ideological preoccupations, it will be understood that Russia is an integral part of Europe, that the split of Europe—at least the economic one—can come to an end."

## International Credit

### Japanese, Brazilian leaders to meet

Japanese Prime Minister Nakasone and Brazilian President Figueiredo will discuss Ibero-America's debt problems during the Brazilian President's tour of Japan. Figueiredo will visit Japan for five days beginning Wednesday, May 23.

The primary topic of discussions will be the Quito Declaration adopted by 26 Ibero-American countries last January, which called for continental cooperation on economic development, a Japanese Jiji wire reports. The topics are certainly likely to include the four-president call for joint Ibero-American action on the debt, which Figueiredo signed, as well as Japanese economic aid, an accord on scientific and technological cooperation, and Japanese cooperation in specific Brazilian development projects.

## Health Care

### Budget cuts raise infant mortality rates

Cuts in federal health-care programs have dramatically increased inner-city infant mortality rates, according to a study by Penny H. Feldman, a researcher at the Harvard University School of Public Health, UPI reports.

Inner-city infant mortality rates in Boston rose 34% between 1981 and 1982. At the end of 1982 in the Boston areas studied, 16 infants per 1,000 died before their first

month and 21 per 1,000 died before their first birthday. Similar results were reported for New York and Detroit.

The 1982 national average was 7.6 deaths per 1,000 before the first month and 11.2 per 1,000 before the first year.

### *The Invisible Hand*

## Italy in first place in cocaine consumption

Italy, whose "unofficial economy" has won ample praise from the Milton Friedman school of economics, boasted 34 deaths from drug overdose in the first 20 days of this year, triple the number of the same period in 1983. The statistic was part of a report issued recently by the Italian Interior Ministry, which also admitted for the first time that Italy has been turned into "the biggest heroin refinery of the West." No fewer than 23 Italo-American "families" were identified as controllers and masterminds of narcotics traffic on the peninsula.

Italy's drug laws are among the most liberal in the world, although they have not quite reached the status advocated by Milton Friedman, of full legalization of all drugs, including heroin. According to Judge Ferdinando Imposimato, whose brother was killed by the mafia last year, narcotics "kills more people [360 in 1983] than subversive organizations." The judge described in a press conference earlier this year how "powerful clans move to destabilize the country; they use drug trafficking to rake in huge amounts of capital which they then invest in ultra-sophisticated weapons which end up in the arsenals of the Red Brigades or the [right-wing terrorist] Black Order."

Imposimato said: "In 1973 there were 5,000 addicts; now there are more than 250,000. The present law has certainly influenced this explosion of the phenomenon. It is time to change it. We have to send even those who just use drugs for personal consumption to jail."

In addition to hard-core addicts, about 1 million Italians are estimated to be in a pre-addictive phase, among them 500,000 ha-

bitual marijuana users, while about 110,000 youths in the age group 17-29 are habitual heroin consumers.

Italy also has the highest per capita cocaine consumption in the world, surpassing even the United States, as well as West Germany, France, and Britain put together. The increase in cocaine consumption has not led to any reduction in heroin use, but quite the contrary.

### *Organized Crime*

## The 'camorra' moves into West Germany

A television documentary shown in the Federal Republic of Germany on May 24 revealed that the mafia of Naples, known as the "camorra," is moving into West Germany in a big way.

Investigative journalists from the ZDF television network described the case of a counterfeiter arrested in Düsseldorf who committed suicide in prison recently. His lawyer warned the journalists to keep their noses out of the affair. When asked by the reporters whether the mafia was behind the counterfeiting operation, the lawyer replied: "No." "Well then is it the camorra?" "I told you, I am under an oath of secrecy," the lawyer answered.

The reporters traveled to the town of Otaviano, the camorra headquarters, in search of information about camorra boss Raffaele Cutolo, who owns an ancient 130-room Medici palace there. Cutolo is currently overseeing a far-flung crime empire from his jail cell (since his imprisonment in 1979, Cutolo has reportedly made an estimated \$1.8 billion).

The journalists interviewed Italian television reporter Luigi Necco, who was recently shot in the knees because of his own reports on the activities of the mafia and the camorra. Necco declared that the camorra is now expanding its worldwide operations, particularly into Germany, where it is running the drug and kidnapping trade. Profits earned in Germany are reinvested into operations in Germany itself, France, and the Netherlands, he said.

## Briefly

● **BANKHAUS** Julius Baer & Co. of Switzerland is moving into Toledo, Ohio: SVP Peter Widmer of the Zürich bank will be running the trust department at the city's largest bank, the Toledo Trust Co. The Swiss will take control of the bank's pension and other funds, including the pension fund of AP Parts Co., the firm which locked out its workforce and gooned demonstrators in May. Toledo Trust will be Baer's agent in Ohio, Michigan, Indiana, Kentucky, and Florida. Widmer recommends that U.S. regional banks invest in the European and Japanese stock and bond markets, in view of the weakness of the U.S. banking market.

● **McGEORGE BUNDY** warned at a press breakfast on May 24 that the world debt crisis may cause "a major disruption of the banking system." Robert McNamara, in a television interview the same day, predicted "a major eruption of social or political chaos in Latin America and Africa." Both Eastern Establishment leaders called for lessening of austerity measures to prevent a disaster like that which followed the Versailles Treaty.

● **THE FACTORIES** of the United States experienced a sharp decline in orders for their heavy-duty products in April, a 6.4% fall that was the worst in nearly four years, the Commerce Department reported May 22. While most of the \$6.7 billion shortfall was in defense orders, the total would still have been down 2.2% were they not included. Orders for durable goods, from automobiles to machinery, were worth \$98.1 billion, down from the March total of \$104.85 billion.

● **SHRIDATH RAMPHAL**, the secretary general of the British Commonwealth, blamed the Reagan administration for the austerity policies of the International Monetary Fund, in a speech May 21. The IMF has become an adjunct of the Reagan administration, he said, and its policies are aggravating, rather than alleviating, the economic crisis in the developing world.