

# Business Briefs

## ***Ibero-American Debt***

### **Debt bomb only temporarily defused**

"The international debt bomb has not exploded; it has only been temporarily deactivated," warned Colombian President Belisario Betancur on April 3. In his speech before the Organization of American States, entitled "Dreaming of a United America," he said, "The bomb will keep on threatening the political and economic stability of the world" if economic and financial relations between North and South are not improved.

Betancur also said there is "a greater need for poets than for politicians," pointing out that in "areas of human experience such as art, politics, or morality, history does not seem to support the thesis of continuous progress. . . . To what degree have our philosophers surpassed Plato or our artists Leonardo?"

## ***Banking***

### **Brazil asks Uruguay about dirty practices**

The Brazilian government has asked neighboring Uruguay to answer questions about its role in the asset-stripping of a major Brazilian bank. Banco Sulbrasileiro was put into receivership by the government in January after it had gone bankrupt, leaving a \$300 million hole. Brazil's acting President José Sarney seems to have made a deal with the Congress that the government would make one more expensive bailout if the Sulbrasileiro directors were jailed and tried on criminal charges.

Their trail leads to Uruguay, where they recently placed many loans to fraudulent shells. Uruguay has become known as "the Switzerland of South America," and not just because of the stability of its social democratic system. During World War II, titled families among Hitler's supporters in Central and South Europe chose Uruguay for safekeeping of their gold hoards as it became apparent that the Nazis would lose the war. After the war, the flow from Eastern Europe increased and Licio Gelli, Grand

Master of the illegal "Freemasonic" Propaganda 2 lodge, carried the fortunes of Italian fascists there. In 1982, Gelli was found to have filled an entire Montevideo building with his offices.

Uruguay's dollar markets, across the river from Buenos Aires, have thwarted every Argentine effort to maintain sovereign control over its foreign exchange.

## ***Investment***

### **Thailand board rips World Bank advice**

Thailand's Board of Investment sharply rebuked the World Bank for "violating national sovereignty" after a World Bank delegation recently advised the BOI to shift its investment policies.

A short statement released to the Thai press on April 3 stated, "BOI officials see the World Bank's interference in Thai internal affairs as an attempt to collect their debt."

In Thailand, as elsewhere, the World Bank has pushed the notion that the country has had "enough industry," and should now shift back toward "appropriate," i.e., backward, technologies.

## ***Real Estate***

### **Iowa land prices hit by depression**

According to an economics expert from the University of Pennsylvania, "the land prices will drop 50% more in Iowa during the next year."

A survey made in March of 1984 for Iowa shows the average debt-to-asset ratio of farmers as 29.5%. Divided into three categories they are: 31% with 2% or less; 29% with real estate or operating loans listed by the state as manageable; and 40% with both kinds of loans at an astounding 41% debt-to-asset ratio.

The state claims that only 10% of farmers will go bankrupt, even though the Federal Reserve states that breakeven is 20%; the state claims breakeven is 35%. In addition

it has been openly stated by banking officials in Iowa that without a change, the banking system in Iowa will look the way farming does within one year (see page 20).

## ***Oligarchism***

### **Regan ordered Treasury to back IMF oversight**

Under Don Regan's reign at the Treasury Department one year ago, a policy decision was made that "it may be worthwhile for the IMF [International Monetary Fund] to develop a more rigorous approach to surveillance of the economies of industrialized countries," a U.S. Treasury official stated on April 5.

"If this means creating a formal arrangement that provides the capability for European nations to gang up on the U.S. budget deficit and on U.S. defense spending, that is not inconsistent with our policy. We would agree to something that would provide all members of the IMF the right to comment on and criticize the policies of all countries. For a year, the Treasury has supported a formalization of what has been acknowledged to be the IMF's role: surveillance of economies."

## ***Austerity***

### **Argentines take to streets against IMF**

Fifty thousand Argentines demonstrated in Buenos Aires on April 2 to commemorate the 1982 retaking of the Malvinas islands, and to express their repudiation of International Monetary Fund policies. Representatives of every political party, ranging from left to right, participated—with the exception of the ruling Radical party. Slogans varied from attacks on the IMF and Great Britain, to "the Malvinas are ours," and "down with the military."

On the same day, it was reported that Argentina's 12 Peronist governors are threatening to resign their posts in protest over IMF austerity demands. Joaquín Fer-

rán, head of the visiting IMF mission in Buenos Aires, is demanding that the Alfonsín government reduce allocations of federal monies to the provinces by 28%; the governors had recently called for a 50% increase in such allocations.

### **International Credit**

## **Brazil: no more IMF snooping**

Brazil will no longer permit IMF investigators to go from ministry to ministry collecting data, its acting President, Jose Sarney, told the press on April 1.

Sarney has ordered the finance minister to channel IMF information requests solely to the central bank. He also reiterated hospitalized President Tancredo Neves's insistence, "The debt will be paid with money, not with hunger."

### **Debt-for-Equity**

## **Wall Street Journal flaunts asset grab**

The *Wall Street Journal* "sweetened" the debt-for-equity grab in Ibero-America by suggesting on its front page on April 2 that foreign banks write down one-third of the nominal value of the debt before moving in to get "ownership of, for example, a petrochemical plant or hydroelectric utility."

The debt-for-equity scheme, essentially a "repossess" notice against entire nations, is now the bottom-line demand of international bankers in their negotiations throughout the continent.

### **Agriculture**

## **European farm budget in trouble**

On April 3, European Community ministerial talks on the new 1985-86 austerity price

budget for agriculture broke down after only 24 hours because of the staunch refusal of West German Agriculture Minister Ignaz Kiechle to approve sharp cuts in grain prices.

The same week, *Business Week* ran a feature on the European farm crisis, predicting that the "long-term trend in both the U.S. and Europe is to cut agricultural supports"—the "free market" line being pushed by the Big Six grain cartel companies.

### **Development**

## **EIR Peru program featured in paper**

The *EIR* economic program for Peru prepared a year ago for the private sector's National Industries Society (SNI) was republished on March 3 in Lima's conservative daily *La Voz del Pais*. The paper includes ample charts and quotes from the "rigorous econometric study," which demonstrated that Peru would do much better if it broke with the IMF.

Ernesto Lanata, president of the SNI's think tank, is injecting his *EIR*-produced program into the hotly contested presidential elections to occur this month.

### **Invisible Hand**

## **ESM Securities was dealing dope**

Robert Seneca, a former senior partner at Florida's ESM Securities, the company whose government securities scams triggered the Ohio banking crisis, was a user and dealer in cocaine, according to court testimony by his former wife.

She told a court: "He doesn't stop [using cocaine]. I've never seen as much in my whole life." She also said that he dealt in drugs "quite a bit," and that another ESM partner, Ronnie Ewton, was also involved in drugs.

The story appeared in the *Miami Herald* on April 3.

# Briefly

● **SOVIET TRADE** figures released in early April—despite the U.S. attempt to "block" Soviet trade with capitalist countries—show that trade between the Soviet Union and Western countries went up by 26% in 1984, amounting to \$47 billion.

● **W. ALLEN WALLIS**, the Undersecretary of State for Monetary Affairs whose career started as a pro-Nazi "race scientist" in the 1930s, will be the third-ranking U.S. official in the U.S. delegation to the International Monetary Fund Interim Committee meetings April 17-19. Delegation chiefs will be Treasury Secretary James Baker III and Federal Reserve chairman Paul Volcker.

● **UNEMPLOYMENT** won't hinder recovery, claimed West Germany's Chancellor Helmut Kohl in an interview to *VDI-Nachrichten*, the weekly of the Association of German Engineers, on April 5. Demonstrating unsuspected imaginative powers, Kohl said: "Fighting unemployment has never played a role at the beginning of an economic recovery." German unemployment during the present "recovery" is the highest since 1948—2.6 million.

● **BONN RUMORS** say that the West German central bank is raking in profits from high U.S. interest rates. The Bundesbank will have a prospective surplus gain of 14 billion deutschmarks in 1985, most of which will be made from trading U.S. government bonds, according to the early April rumors.

● **A TUNNEL** through the English channel is British Prime Minister Margaret Thatcher's last jobs-creation scheme, according to German newspaper reports which appeared on April 4. The British government has proposed the cross-channel tunnel to France's President Mitterrand, claiming the project would create 50,000 jobs for a couple of years.