

# Business Briefs

## Credit

### World to be ruled by 20-30 megabanks?

"In the future, there will not be more than 20-30 banks in the world," Nerio Nesi, chairman of Italy's Banco Nazionale di Lavoro, told the Italian financial weekly *Capital* on Sept. 10.

Nesi's BNL co-sponsored a series of seminars and colloquia on the world financial system in Venice, together with the Italian Montedison firm, headed by Trilateral Commission member Mario Schimberni, and the Wertheim merchant bank, which also has Trilateral links.

Attendees at these events included former U.S. Secretary of State Henry Kissinger, former West German Chancellor Helmut Schmidt, former French Premier Raymond Barre, and ranking members of some of Italy's most important banking and aristocratic families.

Nesi told *Capital* that his own financial empire was built via joint ventures with the Compagnie Financiere de Holding of Edmond de Rothschild. De Rothschild is one of the senior members of the Trilateral Commission in France.

## Austerity

### Bolivia comes down hard on strikers

"Retired workers are called upon" to break Bolivia's general strike, the country's interior minister proclaimed on Sept. 8. His statement was part of what the labor federation COB termed "psychological warfare."

The strike began in early September, in protest against some of the most savage International Monetary Fund austerity measures yet seen. It has been successful in closing down fuel supplies, and thus closing down the country's entire economy. Small amounts of fuel have been provided, after the army was sent into oil installations. The COB statement declared that "the government has unleashed a repressive offensive,

taking over workplaces with troops."

The government warned it will begin layoffs, and jail strike leaders for up to six months for "disobedience, sabotage, and economic damages." But labor has vowed to extend the general strike, and in Congress, deputies with a labor base are presenting censure motions against the government for its IMF program. To present the censure from carrying, President Victor Paz Estenssoro has formed a "non-aggression pact" with his opponent, former President Hugo Banzer.

## Debt

### State Department's 'case-by-case' plan

The U.S. State Department is clinging to the "case-by-case" approach to Ibero-America's unpayable debt burden that constitutes the International Monetary Fund's method for isolating and destroying the continent's economies, "one by one."

Assistant Secretary of State Elliott Abrams' has authored an internal policy document on the subject, according to the Sept. 8 *Washington Post*. The existence of the memo was confirmed by a State Department spokesman.

The memo states, "The economic and related crises in South America and the Caribbean are serious and, given limited U.S. resources, difficult to address. We are working on them on a case-by-case basis, seeking to be catalysts for change, not agents of change."

## Trade

### Reagan warns again of protectionism veto

In his weekly radio address of Sept. 7, President Reagan reaffirmed his opposition to the trade-war legislation now pending in the U.S. Congress. The President, however, tried to stave off the harsher protectionism

planned in Congress by announcing that action will be taken against Japan, Brazil, South Korea, and the European Community for "unfair trade practices."

In the cases of Brazil, South Korea, and Japan, U.S. Trade Representative Clayton Yeutter has been instructed to begin immediate investigation.

Sen. Robert Dole branded the measures not good enough, and Sens. Lloyd Bentsen and John Danforth called them "cosmetic."

Japanese Foreign Minister Abe expressed surprise about the Reagan move, pointing out that the alleged points of contention were already being worked out.

Yeutter, appearing on David Brinkley's Sunday television program, stressed the President's seriousness about the veto threat, especially in respect to textile legislation currently moving through the Congress.

Such legislation would have disastrous consequences for the United States and, especially, its Asian allies.

## Employment

### The West has lost 8 million jobs

A new study released the second week of September by the United Nations Commission on Trade and Development shows that nearly 8 million jobs in Western Europe and the United States have been lost as a result of the collapse of exports to the developing sector in the years 1982-84.

According to the study, in 1984 alone, the total value of exports of the OECD industrial nations to the developing sector countries was \$46 billion below the level of 1981.

Seventy-five percent of this collapse, according to a report in Sweden's *Svenska Dagbladet*, has occurred in Western Europe, where the report cites 6.8 million jobs lost as a result of the export collapse to the developing sector.

The study reportedly points to the demands of the IMF and international banks that less developed nations sharply contract imports and impose domestic austerity, as a major factor in the industrial nations' export

collapse, combined with the high interest rates in the industrial nations since Paul Volcker's Federal Reserve measures of 1979-80.

## Banking

### More bank takeovers in Maryland

Another big money-center bank is moving in to buy up Maryland's troubled savings and loan banks. Citicorp is negotiating to buy First Maryland Savings, in exchange for immediate full-banking privileges in the state, it was disclosed Sept. 6.

Chase Manhattan has already announced its intent to purchase three of the state's crisis-racked S&Ls. The fact that the state's banking network is being taken over by the New York dirty-money banks doesn't appear to trouble Gov. Harry Hughes, who exulted at a press conference the day of the announcement over the "tremendous progress" that has been made in resolving the state's S&L crisis.

Meanwhile, supermarkets are displaying signs at checkout counters in the Washington, D.C./Maryland/Virginia area, informing them of which banks the stores will no longer honor checks from, "until further notice," and depositors are still limited in the funds they can withdraw from their savings accounts.

## The Invisible Hand

### Italian authorities probe Merrill Lynch

In closed session during the trial relating to the "Pizza Connection" drug-ring on Sept. 11 in Lugano, Switzerland, two FBI special agents named Merrill Lynch and E. F. Hutton as brokerage houses they had found to be laundering the income of the drug-ring busted up in New York earlier this year.

During 1981 and 1982, the two FBI in-

vestigators testified, they had investigated the money movements between New York and Switzerland relating to "Pizza Connection" drug operations, which took them to the doorsteps of the two brokerage giants.

The two FBI agents said they had followed leads provided by U.S. Drug Enforcement Administration officials, relating to the links between the five big mafia families of the New York City area and the economic and financial institutions of the city. The dope money made in New York is recycled to Europe, principally Switzerland, they reported.

The two Americans testified for five hours, explaining how the money is laundered between New York and Swiss banks and citing names of individuals involved.

Until 1981, Merrill Lynch was headed by Donald Regan, the current White House chief of staff in the U.S. Reagan administration.

## The 'Recovery'

### Teamster chief says U.S. recovery a bluff

Speaking before U.S. businessmen at the American Chamber of Commerce in Milan, Italy on Sept. 11, Jackie Presser, the leader of the International Brotherhood of Teamsters, said that the so-called recovery of the U.S. economy is based on the over-valued dollar, which has meant loss of jobs and lower real salaries for workers abroad.

"The recovery in the United States is sabotaged by a warmed-up dollar that I refuse to consider strong, as many economists are saying. . . ." said Presser. "There is nothing strong in a dollar that is provoking the collapse of our industries and is creating thousands of unemployed."

Presser said that "lost American jobs have been exported to Asia and South America where the dollar-cost of salaries is cheaper, and where human capital has no value.

"We should make a distinction between free trade and the search for the lowest salary, which is a practice that creates mass poverty and is only good for those who receive extra profits as a result."

## Briefly

● **SIX MILLION** Italians suffer dire poverty, according to a commission instituted by the Italian Government. Four million other Italians are also to be considered poor, it adds. Italy's population is approximately 50 million.

● **THE PENTAGON** has awarded a \$10.9 billion contract to Boeing for the testing of a free-electron laser, a crucial part of the Strategic Defense Initiative. The goal of the design phase of the 34-month contract "will be to demonstrate efficient propagation of a free-electron laser beam up through the atmosphere to an instrumented test vehicle."

● **PEOPLE'S BANK** of China has announced that it will send a 20-man delegation headed by its vice-president to the annual joint meeting of the International Monetary Fund and International Bank for Reconstruction and Development in Seoul, Korea, Oct. 8-12.

● **BOLIVIA** wants its creditors to allow a 15-year principal payments of \$892 million, and a 10-year grace period on interest payments, Planning Minister Guillermo Bedregal said Sept. 10. "Bolivia will pay the debt, but will not pay it immediately because of its tremendous crisis," he said.

● **THE KOREA** Exchange Bank has signed for the first ever "Euroyen" loan, worth \$125 million and put together by 28 finance houses including Bank of Tokyo and Morgan Guarantee. "Euroyen" signifies, like the "Eurodollar," credit obligations held outside of Japan, but denominated in the Japanese currency while not subject to Japanese regulation.

● **A TREASURY** official asked Congress on Sept. 10 to increase the U.S. debt ceiling to an unprecedented \$2 trillion, allowing the government to borrow enough to pay its bills after Oct. 15. The ceiling is now \$1.8 trillion. Among payments at issue are social security, payroll, unemployment, defense contract, and the principal and interest on government securities.