

Business Briefs

Austerity

Argentina lifts price controls

The Argentine government of Socialist International figure Raúl Alfonsín, ever subservient to international bankers, has lifted price controls on 75% of all marketed goods, and plans further "liberalization" reforms, as agreed with the International Monetary Fund and the creditor banks.

The price controls were imposed in the fall of 1987, but have failed to stem inflation, which soared to an official 15% in March from 10.4% in February. Lifting the price controls, however, can only accelerate inflation.

The government plans to liberalize imports, exercise stringent monetary control, and eliminate indexation of public service fees and fares. It has promised not to impose any exchange controls.

Overall, the package will cause real wages to plummet. A Buenos Aires think tank, the Mediterranean Foundation, has reported that the real wages of Argentine workers in January of this year were already 30% below the levels of January 1984, when Alfonsín came into office.

The Argentine economy is now totally paralyzed. Postal workers have been on an extended strike. The railroads were struck for two days in early April. Public school teachers, from elementary to university level, have been on strike since mid-March. Their average monthly wage is \$77. Alfonsín, however, says that the country is in a "total crisis," and therefore, cannot afford wage increases.

At least five provinces are in a state of chaos, with strikes and rioting due to non-payment of salaries, shutdown of state banks, and other economic dislocations. In Tucuman, only policemen have been paid February wages; most other state workers are on strike. Health workers here have been on strike for a month.

The governor of Chacho, Danilo Baroni, has proposed a law to the state legislature declaring the province in a state of economic emergency.

The banking systems in many provinces

have virtually ceased operating, and several provinces that had stopped using the national currency, in favor of province-issued bonds, find them now also worthless.

Agriculture

Create 'Group of 30' for world food policy

At a two-day "World Food Conference" held in Brussels April 7-8, it was announced that a new organization, "The International Policy Council on Agriculture and Trade," would function "as the Group of 30 does in world finance, in the area of world food policy." The conference was financed and run by the Rockefeller Foundation and the multinational grain-cartel companies.

The new policy council is to be hand-picked by the authors of the 1985 Trilateral Commission policy-statement, "Market Oriented World Agriculture."

Speakers at the conference included U.S. Secretary of Agriculture Richard Lyng, who boasted that since 1985, the U.S. Agriculture Department has idled land acreage greater than the entire arable land of France and Spain combined, in its quest for "market oriented" agriculture.

The only signs of reality came when one African delegate noted, "If we in the world increased our annual wheat production by only 50%, we would eliminate hunger and malnutrition across the globe."

A Philippine delegate attacked the World Bank/International Monetary Fund policy of forcing Third World debtor countries to export "cash crops."

The conference was ostensibly designed to affirm a "consensus on economically realistic and politically feasible domestic and trade policy alternatives that could be adopted by governments." But attendees discovered that a "final communiqué" had been drafted before the conference began, with Third World delegates furious that no serious consideration of the emergency crisis in food supply in the developing countries was mentioned.

Banking

U.S. failures at record rate

Three more banks failed in the United States in the first week of April, bringing the total of U.S. bank failures in 1988 to 49.

The largest of the failed banks was the Capital Bank and Trust Co. of Baton Rouge, La. The bank had deposits of \$263 million and over \$300 million in assets. The Federal Deposit Insurance Corporation (FDIC) took over half of the assets, while another bank is slated to assume half, although it is not yet clear which bank will step in—if any.

Central National Bank of Dallas failed on April 7. It had combined assets and deposits of \$31 million.

On the same day, Home State Bank of Trent, Texas went belly-up, with a total of deposits and assets of \$11.7 million.

None of this has helped inject any sense of reality into Washington, however. Sources at the FDIC are making the curious claim that the recent spate of bankruptcies is not a serious problem. The FDIC will not run out of money, this source insisted, as the agency only uses its profits, not its capital, to pour funds into banks which are on the brink or which have gone under.

That bureaucratic rule overrides any financial threat, in the minds of FDIC officials.

"There is a ratio of profits to capital beyond which we cannot pass in our salvaging operations," the source insisted.

First Republic Bank of Dallas is the biggest problem the FDIC has had since the Continental Illinois bankruptcy in 1984, where FDIC had to pump in \$4.5 billion. So far, according to this source, they have only used \$1 billion in assistance transactions to First Republic Bank, although admittedly, the agency would have to pump in more before the whole operation is settled.

Still, the source did not believe that the total sum would reach the \$4-5 billion mark that some newspapers are speculating. The source did, however, report that FDIC is constantly receiving telephone calls from worried depositors who have received "exaggerated reports" of the situation.

Briefly

Labor

Brazil plans to slash real wages

The Brazilian government will lower the real income of all government workers by 30% over the next two months, in order to satisfy the demands of the International Monetary Fund and international banks.

The government announced that the wages of all government employees, including all members of the armed forces, will be frozen for the next two months, while there will be no controls whatsoever on prices. Prices are now rising at about 20% a month, or 44% in two months.

The ministers from the military services had held out for several weeks in opposition to this brutal package, but were finally won over by Finance Minister Maílson da Nobrega, with the argument that the alternative was international isolation as during the debt moratorium the country declared in February 1986.

Nobrega specifically argued that this measure would give him credibility in negotiations with the IMF starting in mid-April in Washington.

The measure is supposed to cut the government budget deficit from 7% to 5.5% of GNP.

Widespread strikes and protests are expected, and thousands of central bank employees have already staged a protest, marching through downtown Rio de Janeiro and snarling rush-hour traffic.

Trade War

Japanese minister blasts U.S. Congress

Japan's trade minister has slammed U.S. congressmen as "ignorant" and "fascist" for supporting a trade bill that would punish Toshiba Corp. for a subsidiary's alleged illegal export of technology to the Soviet

Union.

"Certain members of the U.S. Congress are . . . ignorant of foreign diplomacy, politics, legislation, international morals, and the study of law," Hajime Tamura was quoted in *Asahi Shimbun*. "Being so trapped by emotion is fascist," he said.

Tamura also criticized another aspect of the trade bill, which would give the U.S. special trade representative the power to retaliate against American trading partners. "To give the decision of retaliation to the trade representative means that [Congress] distrusts the President," Tamura said.

Asia

Indians and Soviets intensifying ties

The fruits of an agreement signed between Indian Prime Minister Rajiv Gandhi and Soviet General Secretary Mikhail Gorbachov in July 1987 began to emerge this spring. The Integrated Long-Term Program on Cooperation in Science and Technology envisions cooperation in such thrust areas as biotechnology and immunology, materials science and technology, laser science and technology, catalysis, space research, synchrotron radiation technology, water prospecting, and computer science.

An Indo-Soviet metallurgy center was opened March 31 in Hyderabad. On hand for the ceremony was Soviet academician G. Marchuk, in New Delhi with a 14-member Soviet scientific delegation for the first meeting of the Indo-Soviet Joint Council for the implementation of the Gorbachov-Gandhi agreement.

According to the Indian side, 65-70 specific projects were clearly identified. Seventy Indian laboratories and research institutions will collaborate with about an equal number of Soviet institutions.

On April 1 it was announced in New Delhi that the Soviets and Indians are discussing building a space launch center in India. On April 2 the *Hindustan Times* reported that India will buy two 1,000 MWe nuclear power plants from Moscow.

● **THAI FARMERS** should grow marijuana for profit, said former Prime Minister Kukrit Pramoj April 2. Kukrit, who has ties to the Socialist International, said that "Thai farmers will be wealthier, which is an objective of Premier Prem, if they grow marijuana. . . . I have never been sure" that marijuana is a narcotic drug.

● **ITALIAN FINANCIER** Carlo de Benedetti is advocating a "Marshall plan for Moscow." De Benedetti appeared on French television March 29 to denounce French Agriculture Minister Guillaume's proposed "Marshall Plan for Africa" as "absurd." In its stead, he called on European governments to launch an ambitious "Marshall Plan to the East."

● **THE IMF** will revise its lending policies to adopt the Baker plan, says the April 8 *Wall Street Journal*. At its mid-April meeting in Washington, the Fund is expected to begin giving debtor countries three to four years to "reform" their economies instead of the present 18 months, and is also expected to approve the Treasury Secretary James Baker's debt-for-equity scheme.

● **ONE BILLION** people are homeless or live in slums, and the number will rise to 3 billion within 12 years if governments do not make fundamental changes in their approach to the problem, according to the official summary of the U.N. Commission on Human Settlements conference in New Delhi.

● **PRIME MINISTER** Margaret Thatcher is preparing to "rock the City of London" with a new probe of "dozens" of brokers, financiers, and tycoons stemming from the revelations of convicted insider trader Ivan Boesky in the United States, says London's *Daily Express*. The *Express* cites "highly placed Government sources."