Business Briefs

Research and Development

MITI promotes 'Technopoles'

In order to aid companies moving into new "technopolis" cities to reduce their initial investment, Japan's Ministry of International Trade and Industry (MITI) and the Japan Development Bank (JDB) have decided to set up a special leasing company. It will help firms lease plant and equipment, test and research facilties, and machine tools at low interest rates.

The Japanese Diet has already passed a MITI-designed bill to create 19 "technopoles" of 200,000 people each as new centers of science and high-technology industry. The first site is scheduled to be designated by the end of this year.

According to Japan's JIJI press, the new leasing company will be financed by Japan's trading companies, construction firms, and machine tool makers. The JDB will provide additional funds to the leasing company at 7.3 percent interest and MITI will also provide interest subsidies to the company.

European Labor

'Vredeling proposal' accepted by EC

The "Worker Rights Proposal," commonly known as the Vredeling Amendment after the European Community (EC) Social Affairs Commissioner who proposed it, has been assented to by the full EC Commission.

The Vredeling Amendment gives workers the "right" to approve or reject most management decisions of companies with more than 1,000 employees in the EC. Employees would vote on new technologies, investment decisions, layoffs, relocations, and plant closures. Manufacturers would be forced to submit financial and other information on business activities unless such disclosure would "substantially damage the company's interests or lead to the failure of its plans." A tribunal would determine the confidentiality of any given piece of information, and worker representatives would have legal recourse if management failed to "meet consulation requirements."

IMF Quota

LaRouche warns: 'Take no advice from traitors'

Every living former Treasury Secretary of the United States except one has issued a statement urging the House of Representatives to speedily approve the $8.6 billion increase in U.S. taxpayers' quota contributions to the International Monetary Fund, on the grounds that "The IMF has been remarkably successful," but "the resources of the IMF are being depleted rapidly," and if they are not replenished by Congress, the debtor nations' economies will contract, and protectionism will spring up as in the 1930s. "The IMF was created in response to the lessons of the Great Depression," reads the statement. "Unless we learn from the lessons of the past, we will inevitably repeat earlier mistakes."

The statement drew the following response from *EIR* founder Lyndon H. LaRouche, Jr. July 2: "These former Treasury Secretaries, bunglers and incompetents all, created the present world economic crisis. I, Lyndon H. LaRouche, Jr., consider anyone who accepts their advice to be a Benedict Arnold."

Soviet chief Yuri Andropov, he said, exulted at last month's Soviet Communist Party Central Committee meeting about the way in which capitalism was duly collapsing. LaRouche emphasized that if these former Treasury Secretaries' counsel is followed, there will be a total, final international financial collapse, and "the American people had better learn to live with poverty, or learn to speak Russian."

LaRouche, architect of the LaRouche-Riemann econometric model with the world's best forecasting record, was specifically referring to the debt crisis resulting from the IMF's practice of subjecting developing-sector nations to policies of austerity which have completely undermined their previously insecure ability to meet debt payments, and have threatened to destroy national institutions. The International Monetary Fund is currently running a $7 billion to $8 billion shortfall in its own liquidity, which it expects that U.S. Federal Reserve Chairman Paul Volcker will remedy by forcing the quota increase through Congress, or unofficially funneling U.S. assets into the IMF.

The former Treasury Secretaries who signed the statement on June 28, following a visit to the White House, include John Sneider, who under Harry Truman helped preside over a return to "fiscal conservatism" and vast reduction in U.S. exports, after the gigantic World War II growth of the economy; C. Douglas Dillon and Henry Fowler, the investment bankers who under President Kennedy conspired to launch the offshore Eurodollar markets, drain the U.S. of liquidity for industrial growth, and undermine the dollar; John Connally and George Shultz, who during the August 1971 crisis and the Smithsonian negotiations thereafter, convinced President Nixon to sever the dollar from its gold reserve backing and thus put the Euromarkets on the path of exponential debt financing without creation of wealth to back it up; and G. William Miller and Michael Blumenthal, who helped create Jimmy Carter's record of sabotaging the industry, currency, balance of payments, and foreign economic relations of the United States, before and after Carter's 1979 appointment of Paul Volcker.

Agriculture

House bill would kill all dairy price supports

New York Rep. Barber Conable has introduced a bill to change features of the dairy price support program that would, if enacted, eliminate any remaining relation to parity, which ensures that the prices a farmer receives cover the cost of production. The proposed legislation, H.R.3292, could keep prices at a low $11.60 per hundredweight indefinitely.

Coming on the heels of the just-passed Dairy Compromise bill, H.R.1875, which cut dairy prices to farmers by $1 and will keep them at that level until 1985, this bill changes permanently the dairy price support program of the Agricultural Act of 1949 by eliminating any reference to price supports being set in the range of 70-90 percent of parity.

Under the proposed legislation, the Secretary of Agriculture would be directed to establish a price support for milk which would assure an adequate supply. In no event would the support level be less than $11.60 per hundredweight—the level set by H.R.1875. The $11.60 level would be maintained as the support level indefinitely, at the discretion of the Secretary.

This bill would pave the way for what the Office of Management and Budget has demanded for the past year, that decisions setting price-support levels would be made by the Secretary of Agriculture, rather than Congress.

The Farm Bureau has sent a letter to all House members urging support of this legislation.

Corporate Strategy

Did Baldwin-United nearly go bust?

Various financial outlets now claim that the June 30 reorganization of the debt payments of Baldwin United, the Ohio-based financial services company, barely averted unleashing a far-flung shock wave within the U.S. financial system. Baldwin United is a dirty-money operation, controlled by organized crime figures such as Wisconsin's Max Carl.

Baldwin-United owes $1.2 billion to banks and other creditors, and has had a stay of payment in effect since April. As of midnight June 30, this stay of payment was extended until October, after debenture holders who had extended credit to the firm threatened to declare Baldwin in bankruptcy in order to assert claims on the firm's collateral.

"If Baldwin had gone into bankruptcy," the *Wall Street Journal* commented on July 7, "the effects would have been widespread." Several investment banking sources further insist that the Baldwin case will eventually be the excuse for a congressional investigation of the insurance industry, and will lead to a push to have regulation of insurance practices shifted from the state to the federal level.

The Baldwin reorganization now in effect gives the company until October 15 to resume payments on debt. The firm has begun to sell off subsidiaries and to collect early on back promissory notes. The first week of July, one of its borrowers, shipping magnate and jet setter Daniel K. Ludwig repaid Baldwin $77 million he borrowed some months back.

However, experts in the insurance industry do not think Baldwin's future is secure. The potential for a "domino effect" still exists. If the company were to go under, two possible results cited are: 1) that purchasers of annuity policies all over the country will make a "run" on the insurance industry, to pull out their cash; and 2) that a law suit could be effected against Merrill Lynch, which has marketed over $700 million worth of Baldwin annuities.

U.S. Labor

Economic collapse hits family units

Bureau of Labor Statistics figures on family participation in the U.S. labor force indicate the impact of the current depression on family units.

Comparing the rates in the first quarters of 1981, 1982, and 1983, the percentage of families in which the "bread-winner" is unemployed, has risen from 4.1 million (or 7.3 percent of the total number of families in the work force) to 6.0 million (10.5 percent) between the first quarter of 1981 and the first quarter of 1983. Families in which no one works rose from 1.9 million to 2.8 million over the same period, a rise of over 50 percent.

Most devastating in terms of the family may be the loss of jobs by husbands. The number of male heads of household who are officially unemployed while some other member of their family works has risen from 1.0 to 1.7 million, representing a rise from 4.9 percent to 9.1 percent of the number of families where this could occur. In the brief information bulletin in which these figures appear, there is no information on the number of husbands included in the families in which no one has a job.

Briefly

- **PANIC** broke out in Yugoslavia July 3 when a television program broke the news that all corporate institutions, including banks, factories, republics, and cities were liable for Yugoslavia's foreign debt. The television station, besieged with calls, had to assure its listeners that no private individual or foreign savings were affected. Yugoslavia was granted a four-month moratorium on $139 million in interest payments Jan. 17, but a new payments plan requires the country to pay $6.5 billion starting July 17 through the end of 1983, with all state institution, liable if payments are not made.

- **CARLOS LANGONI,** head of the Brazilian Central Bank, called a press conference in Brasilia July 7 to try to quell rumors that Brazil had declared a debt moratorium or that its creditors had declared Brazil in default. However, according to New York State banking law, loans that do not generate interest revenue for 60 days automatically must be declared in default, and reliable sources report there is a July 15 deadline on much of the debt for which Brazil stopped making interest payments in mid-May.

- **JULIO GONZALEZ DEL SOLAR,** the central bank president of Argentina, had to deny rumors July 7 that Argentina, rather than Brazil, had declared a debt moratorium.

- **CARACAS'S** two largest papers reprinted the text of President Herrera Campins's Independence Day speech July 8, at the specific request of the office of the president. Campins's speech emphasized that Ibero-American debt must be treated as a continental problem, and titled his statement, "U.S. Must Participate in OAS Meeting on Debt," referring to the early September meeting in Caracas on Debt and External Financing in Latin America. To date, no U.S. press but *EIR* has covered the planned meeting.