

Business Briefs

Debt

African debt discussed in Paris

The African debt crisis was a major topic on the agenda in talks between President Abdou Diouf of Senegal and French President François Mitterrand, during Diouf's two-day official visit to France at the end of November.

Diouf is also this year's chairman of the Organization of African Unity.

Diouf told a television interviewer that Africa's debt crisis was "worse than Latin America's. Latin America's debt is larger, but Africa's debt has worse effects on the continent."

Conference Report

Catholic circles discuss world debt

Third World debt is increasingly becoming a major issue in discussions among leading Catholic circles.

The Rome newspaper *Corriere della Sera* on Nov. 25 reported a meeting in Rome on "The Church and the business world" (see *Vatican*, p. 52). At the conference, convened by Munich's Joseph Cardinal Ratzinger who attacked the post-war financial system and the "free-market economy," Chilean unionist Rodolfo Seguel, who sent a message to the meeting, and Sao Paulo State Finance Minister Giannetti de Fonseca of Brazil, strongly attacked the IMF austerity policy.

On the other side, former Austrian Finance Minister Schmitz and Nestlé director Bernard Casal defended the IMF. Cologne Cardinal Joseph Höffner defended the "market economy," but stated that it is necessary to include a "human ideal" in that economic system.

Corriere della Sera also reported quotes from various addresses made by other cardinals. Cardinal Casaroli said: "Economic

and technologic progress is not sufficiently directed in order to eliminate famine and to offer developing countries the help that would permit them to start a cycle of stable growth. Cardinal Ratzinger said: "The difference between North and South is a danger for all mankind, comparable, in the long term, to the nuclear danger. All attempts made in the last 30 years have failed, and poverty in the world has increased dramatically."

Corriere della Sera noted, "The Church supports the battle of the most indebted countries."

Eurodebt

London worried over threat from Texaco

Reports that Brazil will not sign any agreement with the International Monetary Fund have taken a back seat in London to Texaco's threat to file for Chapter 11 bankruptcy in the wake of a \$10 billion court judgment against the oil giant.

"People here in London seem more worried about the impact of a Texaco bankruptcy on the Eurobond markets than with the Brazil-IMF reports. The Brazil story is back page news here, but Texaco has borrowed heavily on Eurobond markets through London," a City source told *EIR*.

The largest Eurobond syndicator is Crédit Suisse/First Boston Corporation, through its London offices.

East-West Trade

Major food loan to go to Soviet Union

Five Western banks have given the U.S.S.R. a low-rate \$400 million loan to buy U.S. and Canadian grain. Arranged earlier this month, this cheap-rate food loan is the first bank loan to the U.S.S.R. in the six years

since the Soviets invaded Afghanistan.

Reports say more such loans to make it easy for the Russians to purchase North American food are to come.

Led by First National of Chicago, the group includes Morgan Guaranty, Bankers Trust, Irving Trust, and a London subsidiary of the Royal Bank of Canada. They extended a "bankers acceptance facility," through which the U.S.S.R. may draw money for grain purchases any time over the next three years.

The terms are to repay the borrowed portion within 180 days, and the interest is a low, one-quarter of a percentage point above the London interbank lending rate (currently 8½%), the common international lending rate. Seventy-five percent of the grain is to be from the United States, the remaining 25%, Canadian.

Investment

President of Peru addresses businessmen

Peruvian President Alan García has told Peruvian industrialists that if he can risk his life for the country, they can risk their capital.

García exhorted 800 businessmen at the annual conference of executives (CADE) in Lima that they should invest in things needed for the country and throw themselves into the patriotic struggle. In simple, sincere language, he called on their morality to distinguish between speculation or usury and what the country needs.

"We could never give you the security given by a bank in Miami, but to make a business is to take risks, and take opportunities. We need businessmen who see Peru as their company. I told one of my many industrialist friends, 'Why don't you bring a third of the money you have in Miami banks to risk it in Peru, investing it?' . . . I am sure the majority of you have capital in Miami or Swiss banks. Why don't you bring it back? I could issue a decree ordering repatriation of capital from the Swiss banks, but the only

thing I would do is be ridiculous and make the Swiss laugh at me, and the Swiss have terrible laughs. As a politician, I have opted for persuasion, and I am sure you will respond."

He challenged, "I ask all those who think we are worse off than we were on the 28th of July to raise their hands." That caused laughter and applause.

"There are many arguments for doing nothing," García concluded, "But there is only one argument for doing something for Peru: That is that the fatherland is our children and the future of our children."

The Debt Bomb

'Europe didn't pay, so why should we'

European countries "never paid their debts" after the two world wars, so why should we under present conditions, a leader of Venezuela's ruling party asked on Nov. 23.

Senator Enrique Tejera Paris, the president of the Latin American Cooperation Institute of Venezuela, argues that Peruvian President Alan García's foreign debt policy makes a lot of sense, and only legitimate debt should be paid, "according to each country's capacity." He offered Alexander Hamilton's debt policy as another historical precedent for such action.

García has limited Peru's foreign-debt payments to 10% of his country's foreign exchange earnings in any given year, and refused any role for the IMF in debt negotiations or economic policy-making.

Labor

Mexican labor leader promises 'new tactics'

Mexican labor leader Fidel Velazquez told 5,000 trade unionists on Nov. 22 that "from now on, the CTM [Mexican Labor Federa-

tion] changes its battle tactics, because we cannot continue to sacrifice the workers. . . ."

Velazquez was not more specific, but used his speech to attack flight capital operations against Mexico. "While labor has made moderate demands, the owner class has obtained the largest profits in its history which it has nonetheless not taken advantage of through reinvestment or more job creation, but rather has bought dollars to send money out of the country."

Trade

De la Madrid ready to join GATT

Mexican President Miguel de la Madrid has just given orders to the Mexican economics ministries to begin preparations for entering into the General Agreement on Trade and Tariffs (GATT), something which Mexican patriots have been fighting against for years.

In a presentation to students Nov. 22, de la Madrid discarded his predecessor Lopez Portillo's plans for integral development of basic industry. De la Madrid stated: "One of the fundamental objectives of the National Development Plan is to promote non-oil exports, by applying policies of industrial reconversion and rationalization of protection. . . ." He noted that Mexico is already well on its way to eliminating industrial protection.

He also said that Mexico's economic problems were a consequence of "extraordinary demographic growth."

Mexico's national industrial association (Canacindra), however, disagrees. "Mexico will write its own death certificate" by joining GATT, an advisor to Canacindra commented. According to *Uno mas Uno*, a national daily, "PARM [party] congressman in Sonora, Patricio Estevez, pointed out that [entering GATT] would cause the bankruptcy of many manufacturing industries in the center of the country and in the border zone, because we aren't equipped to compete with foreign products."

Briefly

● **WELLS FARGO** has cut Brazil's credit lines, and other, smaller banks are doing the same in reprisal for the Brazilian government's refusal to assume the foreign debts of three private banks which recently failed and were liquidated by the government. Wells is reported to be preparing legal action to recover its money.

● **THE ALFONSIN** government in Argentina is up to date in its interest payments to international creditors for the first time in more than three years, after a payment of some \$340 million on Nov. 27.

● **'THE MORALITY** of money is not equal to the morality of life," Peruvian Sen. Enrique Melgar told the San Francisco World Affairs Council on Nov. 26. Peru's debt policy is "not against the U.S. government nor, much less, against the American people, because only the manipulation of the information pirates [media] have made us believe that we confuse the IMF with the government and people of the U.S." Peru, he said, gives foreign aid to the United States: "We have destroyed \$6 billion worth of cocaine which would have flooded into the United States."

● **FOUR FARM BANKS** in three states failed during November, bringing total U.S. bank failures to 108 on the year. One farm bank failed in Oklahoma, another in Missouri, and two in Kansas. California also saw its sixth bank failure for the year during November.

● **PORFIRIO MUNOZ LEDO**, a leader of Mexico's ruling PRI party and former ambassador to the United Nations, told a seminar in Madrid Nov. 22 that "moratorium is to the universe of financial relations, what a strike is to worker-employee relations." No organization of countries could afford to relinquish that right, he stated, adding: "The size of the debt is not the problem, but rather the context in which we have to pay it."