

Business Briefs

Ibero-America

Mexico's debt service higher than Weimar's

In a remarkably candid review of the Ibero-American debt crisis, the *Baltimore Sun* reported March 9 that according to one estimate, Mexico is paying a higher percentage of its gross national product in debt service than Weimar Germany paid in war reparations, which led to the rise of Hitler and to World War II. It reports that Mexican real wages have fallen by 50% in five years. "Many families have meat once a month and malnutrition among children is endemic."

The article says that staff members of the U.S. National Security Council "were said to be particularly shocked by the situation in Venezuela," and that some in the administration find "the deteriorating situation in Mexico" to be "particularly alarming."

But rather than recommending solutions that would avert a repeat of the 1930s, the *Sun* cites these horror stories in order to boost phony debt reduction schemes which would benefit the banks while plunging the economies of the region further into misery.

S&L Crisis

Texas Attorney General blames the Feds

Texas Attorney General Jim Mattox told a congressional hearing in San Antonio, Texas on March 10 that federal government policy, not fraud and corruption, caused the crisis in the state's savings and loan institutions. The hearings were chaired by House Banking Committee chairman Rep. Henry B. Gonzalez (D-Tex.).

Mattox told the committee that the cause of the crisis is federal banking and economic policy. He said that banking deregulation and tax policy caused the real estate bubble, and when the bubble started to lose air, federal regulators panicked, which made the crisis worse.

Mattox argued that the measures taken

by federal regulators are completely wrong. He criticized the regulators for cutting off credit to Texas S&Ls, when the real estate market started to soften. He said that regulators erred when they forced foreclosure on delinquent homeowners and farmers, which drove real estate prices down further. Instead, Mattox said, regulators should have let people stay in their houses, even if they fell behind in their mortgage payments, because they eventually would have paid. He also blasted regulators for discriminating against small banks and favoring the large banks.

Mattox called on the federal government to act, since the state government is in shock and can't do anything.

International Credit

Camdessus says IMF won't be 'scapegoated'

An *International Herald Tribune* feature March 9 reports that opposition is growing to the International Monetary Fund to such an extent, that some who work there now say they have a "bunker feeling" about working for the IMF. Various Fund officials believe there is a "tremendous amount of scapegoating" against the IMF.

IMF Managing Director Michel Camdessus insists that the IMF will not "play the role of the scapegoat to facilitate the lives of politicians," whether in Venezuela or any other country. He says there is no point in even talking seriously to those who claim the IMF is responsible for internal unrest in debtor countries, since such people are living in an "artificial universe."

Third World

Arabic paper calls for debt conference

A "Cairo Conference" of all indebted Third World countries should be held on June 1, recommends the March 17 issue of the Paris-based Arabic weekly *Koll al Arab*. The

article polemicalizes against the "wait and see" behavior of the Egyptian government, and warns that in the present situation, Cairo is being confronted with two options: first, to submit to the whole of the IMF austerity demands, provoking a situation where the Army will have to be deployed against a population in revolt as in Venezuela; or second, to play for time by refusing to implement the IMF demands, creating a situation where the U.S. will ultimately cut aid.

Koll al Arab advises the Egyptian leadership to renew some of the foreign policy initiatives of the time when Egypt and India were leading the Non-Aligned Movement, and to convene what should be called the "Cairo Conference of the Indebted Countries" to work out precise plans and proposals on how to reschedule and postpone debt repayment.

The call occurs at a time when Cairo is being under attack from Washington, both because of its refusal to submit to IMF policies, and because of its military industries. The Middle East subcommittee of the U.S. Senate lambasted Egypt for its cooperation with Brazil and Argentina on intermediate-range missiles development, as well as its alleged work on chemical weapons.

Environmentalism

'Ozone hole' hoax is wearing thin

The much-touted "ozone hole" cannot be caused by man-made chemicals, since it existed before these chemicals were produced in a significant amount. This finding was published in the German weekly *Die Zeit* of Feb. 24.

In 1956 and 1957, the scientist Dobson (ozone is measured in Dobson units) measured the ozone layer in the Antarctic and found in September and October exactly the reduced ozone concentration that was measured again in 1987 and led to the "discovery" of the "ozone hole." Marcel Nicolet, a former collaborator of the deceased Dobson, says that this proves that the "ozone hole" is an oscillation which has existed at least for decades, and probably centuries.

The discovery of this "forgotten" measurement generates great problems for those who claim they can prove that man-made chemicals cause the "ozone hole," since it seems the chemicals must have been active in the stratosphere years before they had been produced on Earth!

Meanwhile, at the March 6-9 Ozone Conference in London, 40 countries pledged to halve their production of chlorofluorocarbons (CFCs) by 1998, in a treaty effective July 1. The developing countries, however, are less eager to sign a treaty that would limit their access to refrigerators, which use CFCs for heat transfer, and few have ratified the treaty. Because of this opposition, the treaty-makers have been forced to water down their demands somewhat by allowing CFC manufacturers, who must halve their production for domestic use, to increase their exports by 10% annually to satisfy Third World demand.

Infrastructure

Dhaka seminar discusses floods in Bangladesh

A three-day international seminar on the recurring floods in Bangladesh began in Dhaka on March 4, with 29 delegates from 15 countries and five continents in attendance. Twenty-five international water management and environmental experts participated, along with about 100 Bangladeshi experts directly involved in battling last year's devastation.

According to coverage of the event March 6 by India's *Hindustan Times*, Bangladeshi officials are still sticking to the position which "ignores the fact that no long-term control structures or storages can be built on the flat alluvial plains of the country." The Bangladeshi experts are continuing to rule out the prospects of a Ganges-Brahmaputra canal link—a proposal which India views as "the only viable solution."

If any solid agreement or concrete proposals were reached in Dhaka, the information has not yet been made public.

The country has clearly not recovered from last summer's devastation, as fears are voiced of a re-run during the June through

August period. A World Bank investigation concludes that \$4.6 billion of project aid remains unused because the local economy is in such disastrous shape that the country can't pull together local funds for tied-aid projects. The *Financial Times* on March 14 noted that this factor will now make it difficult for the World Bank to justify recommending a higher level of project aid for the country at next month's meeting of donors in Paris.

Agriculture

Japanese farmers turn against ruling party

Japan's ruling Liberal Democratic Party, which has kept the country remarkably stable and prosperous for the last 30 years, is being abandoned by its farm sector, principally as a result of the pressure from the U.S. government for Japan to open its markets, Reuters news agency reports.

"We will not support the LDP unless it shows clearly that it will brush off U.S. demands to open Japan's rice market," said Kametaro Yoshioka, who owns a three-acre rice field in Shimane prefecture in western Japan. "We were very disappointed in the government when it suddenly agreed with the United States to remove import quotas on beef and citrus. We had not expected it to happen," he added.

The crushing defeat in a local election in February in the western city of Fukuoka, where the ruling party lost heavily to the more pro-Soviet Japan Socialist Party, was initially blamed on the Recruit stock-trading scandal, but a closer look at the electoral patterns suggests that the farm vote may have had more to do with it. The trends against the LDP candidate were strongest in predominantly rural areas around Fukuoka city, and the number of voters who stayed away from the polls in those areas showed a huge jump from the previous election.

About 1,400 farmers gathered in Tokyo Feb. 17 to demand that Prime Minister Noboru Takeshita's government stand firm against overseas demands for further liberalization of farm imports.

● **LOUIS SULLIVAN**, the new Secretary of Health and Human Services, told AP on March 10 that he favors providing clean needles to drug addicts as a way to slow the spread of AIDS. Sullivan said he would not favor a federal needle-exchange program, because of strong local opposition, but said "we would be very supportive of such efforts if the communities make those decisions."

● **JAMES BAKER** is calling for a conference of governments and industry to deal with controlling "dual-use technology," such as chemical plants which can be used for chemical warfare purposes. State Department spokesman Charles Redman said on March 10 that the problem is a global one and is getting worse, with laws that are insufficient.

● **THE INTERNATIONAL Monetary Fund** is hiring a consulting firm to "enhance the image of the Fund," according to the *International Herald Tribune* March 9. The firm is called James C. Orr Associates. Orr, a former House Banking Committee staffer, declares that the IMF is the "least well understood" institution in the United States.

● **JAPANESE FIRMS** have been accused by members of the U.S. House of Representatives of helping Libya build a chemical weapons plant. The congressmen said they will introduce a bill barring the companies from doing business in the United States.

● **LOTHAR SPÄTH**, the deputy chairman of West Germany's Christian Democrats, called on March 11 for the creation of a United States of Europe, with a single central government, one central bank, and one central currency unit. A darling of the big European cartels, Späth revealed himself as a staunch European federalist with a deeply rooted sentiment against the nation-state.