

Business Briefs

International Credit

Venezuela seeks joint action on debt

Venezuela has called for joint action on the continent's foreign debt, for the first time in many months. At the Latin American Parliament on Aug. 28, Venezuelan Finance Minister Manuel Azpurua said that the debt problem should receive "political treatment."

Each country should negotiate separately, he stated, but many financial problems are common to all Ibero-American nations, and therefore, actions should also be taken in common.

Azpurua also warned that if the United States continues protectionist practices which close off American markets to Ibero-American exports, "it will be difficult for these nations to comply with their debt payments."

Venezuela, he said, "feels the need for mechanisms to prevent surprise or annoying hikes in interest charged by international banks."

Invisible Hand

Brazil hit for lack of anti-drug action

The government of Brazil was roasted for its do-nothing policy toward drug traffic at the Conference of American Navies taking place in Caracas, Venezuela. In a public session on Aug. 28, the Venezuelan National Guard representative protested that Brazil is the only country in South America which produces acetone, ether, and other solvents without which cocaine refining cannot take place. He called on countries in the region to unite to stop such chemicals from being moved by cocaine mafias, and asked Brazil to give Venezuela a list of all the companies importing the chemicals into his country.

The Peruvians agreed and asked that all shipments of acetone on Amazonian rivers be prohibited.

The Brazilian Navy representative claimed that Brazil was already controlling river traffic, and noted that the government had established a committee to draft tougher drug laws.

However, when Brazilian Justice Minister Fernando Lyra, a leftist, receives dossiers on the drug problem in Brazil and suggestions for dealing with it from subordinates, he customarily files them in his wastebasket, according to a source in the ministry. Lyra's faction is also reportedly planning to deflect pressures to act against the drug mafia from neighbors and the U.S. Drug Enforcement Administration by setting up do-nothing anti-drug operations.

Technology

Pentagon awards SDI contracts

The Pentagon announced on Aug. 28 that \$59.7 million in government contracts have been awarded to Lockheed, TRW, and Grumman to provide preliminary designs for a missile-tracking system that will be a key component of the Strategic Defense Initiative.

The three defense firms will take part in a 12-month study to provide the designs for a system to track enemy missiles shortly after lift-off, or what is termed their boost phase.

Meanwhile, several British high-technology firms are "impatient" with the British government's stalling over reaching an agreement with the United States for British participation in the beam-weapon program. The companies are said to be apprehensive over possible loss of contracts in areas like guided missiles and electronic control systems to firms from other countries, the Aug. 29 *Financial Times* of London reports.

The newspaper quotes Chris Musgrave, defense sales market manager for Thorn EMI's Software Sciences: "We are not waiting for the discussions [between the U.S. and U.K. governments] to finish. Our view is that these could go on forever."

According to the *Financial Times*, the British Defense Ministry has been trying to

"delay" reaching a technology-provision agreement with the U.S. Defense Department.

International Trade

Reagan rejects shoe quotas

President Reagan announced on Aug. 28 that he will not accept a recommendation to impose import quotas or other tariffs on shoes imported into the United States.

The President issued a strongly worded statement saying that such protectionism was economically suicidal, and would result in "a dangerous step down the road to a trade war."

The administration decision drew criticism from Capitol Hill, where the protectionist lobby, led by Sen. Lloyd Bentsen (D-Tex.), vowed to redouble its campaign to pass tough protectionist legislation once Congress reconvenes. Bentsen has been particularly keen on destroying relations between the United States and its key Asian ally, Japan, using the trade issue.

Reagan's decision is "just another sign that the administration lacks a coherent, understandable policy" for dealing with the trade deficit, charged Bentsen, while Sen. Bob Kasten (R-Wis.) called it "truly a tragedy."

Food

Journal wants U.S. to keep feeding Red Army

The *Wall Street Journal*, which on Aug. 27 printed an op-ed column endorsing Henry Kissinger and Zbigniew Brzezinski's program for the United States to militarily desert Europe, called "decoupling," two days later ran a commentary by a Soviet "defector" urging the United States to keep supplying food to the Kremlin war machine.

Felix Kogan, a former consultant to the Central Committee of the Soviet Commu-

Briefly

● **OTTO LAMBSDORFF**, who resigned as West German economics minister when indicted in connection with a bribery scandal last summer, went on trial on Aug. 29 with two co-defendants, former Economics Minister Hans Friderichs, and former corporate manager for the Flick firm, Eberhard von Brauchitsch. The two former ministers are accused of accepting \$170,000 in bribes from Von Brauchitsch for the Free Democratic Party (FDP). Count Lambsdorff and Friderichs headed the Dresdner Bank until last March.

● **JOHN M. WALKER, JR.**, Assistant Treasury Secretary for Enforcement and Operations, will leave his post on Sept. 9 to become a federal judge for the Southern District of New York. He has been praised for his enforcement of the Bank Secrecy Act of 1980. To date, six large banks have been hit with fines for failure to report cash transactions believed linked to drug trafficking.

● **‘THE IMF** is not a monster, we are in fact working with it,” declared an official of the International Confederation of Free Trade Unions (ICTU) in Brussels. The ICTU is working against the government of Tunisia, in apparent coordination with the International Monetary Fund and Libya’s Qaddafi. “I know that for you,” he told an *EIR* reporter, “the IMF is a monster, but that’s not the case.” An ICTU delegation recently went to Tunisia to support a wave of strikes which began just as Libya began expelling Tunisian workers.

● **CHASE MANHATTAN** is close to buying up a third ailing Maryland thrift institution, Friendship S&L of Chevy Chase, which has about \$300 million in assets, the *New York Times* reported on Aug. 27. A week earlier, Chase announced an agreement to buy 50% of the stock of the Chesapeake S&L of Annapolis for \$3.8 million (\$100 million assets), and is still negotiating for the purchase of Merritt Commercial S&L of Baltimore.

nist Party who is now resident at the University of Missouri, writes: “It’s best for the U.S. to achieve long-term reliability as a supplier in the grain market,” that is, keep selling large amounts of grain to Moscow. Because the Soviet leadership will not divert money from defense to invest in the Soviet agricultural sector, the Soviet leadership will continue to be forced to make food purchases abroad, he explained.

His argument, in effect, is that the United States should subsidize Soviet defense spending by meeting Soviet needs for agricultural commodities it cannot produce because of that defense spending—a strange argument indeed for a presumably disenchanted “defector.”

Kogan also stated that U.S. Secretary of Agriculture John Block’s current trip to the Soviet Union “is a welcome expression of the U.S. commitment to promote Soviet purchases of U.S. farm commodities. And, as Mr. Block indicated last week, the trip is ‘important to the overall political relationship’ as well.”

Wall Street Journal editor Robert Bartley is a member of the Trilateral Commission, of which both Brzezinski and Kissinger have been directors.

The Debt Bomb

Mexico can’t pay, says economist

Mexico is unable to pay its foreign debt, reported Angel Aceves Sucedo, a Mexican senator and director of the Institute of Economic, Political, and Social Studies, which is operated by the country’s ruling PRI party. He stated on Aug. 27: “Due to the present worldwide economic stagnation, Mexico is not in a condition to pay the foreign debt and we are coming to the embarrassing situation of the ‘I know I owe, but payment I ain’t got.’”

If the present economic situation continues, he added, “we could have the case of an involuntary debt moratorium.” He called the debt situation of the Ibero-American continent as a whole “not viable any more, because there are only two roads: to become

indebted in order to grow, or to stop growing in order to pay.”

Aceves stated that in the case of Mexico, “If the income is limited for any reason, or the public expenses increase, for whatever reason, Mexico will find itself without possibilities of paying.”

Regional Integration

Thai leader asks ASEAN summit

Former Thai Prime Minister Kukrit Pramoj on Aug. 27 reiterated his earlier call for an emergency ASEAN summit, directed toward common action in areas of trade and finance.

The Thai leader pointed out that the combined natural resources and labor power of the countries of the Association of Southeast Asian Nations (Thailand, Malaysia, Singapore, Indonesia, Philippines, and Brunei) would give them a “considerable bargaining power for the region’s economic benefit.”

Kukrit told reporters in Bangkok that regional press have heralded his proposal and at least one Malaysian cabinet minister has welcomed the idea, but the Thai government itself has not responded.

Clearly, some such action is needed. The economy of Thailand is now in worse condition than at any time in the last 30 years, the executive chairman of the Bangkok Bank told 43 of the country’s leading businessmen during a one-day seminar last week. If current trends continue, growth this year will be only 3.8%, well below the government target figure of 5%, and it may fall further to 3% if the United States imposes cuts on Thailand’s textile exports.

The employers confederation of Thailand has voted to freeze the minimum wage “indefinitely” because of the shaky condition of the economy. Labour Congress leader Vichai Thosuwanchira was not enthusiastic about the announcement, but agreed that in difficult times, the most important thing is for workers to hold onto their jobs. Employers are insisting that if wages go up, many businessmen will simply close down operations.