

Olmer: I think they're unduly pessimistic. I do think there are a lot of opportunities for the United States to promote, stimulate development and trade in the Caribbean basin area. One of the things that we haven't looked at and we need to, apart from providing for a tariff-free zone—the vast majority of goods coming in from the area are already duty free, somewhere around 80 percent. We need to find ways of stimulating U.S. investment in the area. One possible way would be tax legislation to make it more attractive for U.S. business to develop production facilities, to additionally mix credits as an incentive for investment, to encourage assembly operations in high-technology firms in the United States which had been going to Southeast Asia, a lot of things like that. . . .

EIR: Without any substantial increases in aid?

Olmer: Without substantial increases in aid. I wouldn't want to say "any," because I think there are going to be some situations where it will be required to prime their pump. . . .

EIR: Doesn't the current interest-rate regime make this sort of investment in the Caribbean or elsewhere in the underdeveloped world unlikely, to say the least?

Olmer: Well, the offsetting factor is that labor rates are so inexpensive and for the labor-intensive part of production operations and for the use of 806-807 [tax only on that part of the product to which value has been added]. There are some innovative possibilities.

EIR: It would seem that what that would indicate for the underdeveloped world is nothing that's highly capital-intensive.

Olmer: Not like a steel mill, certainly, but maybe a semiconductor assembly plant.

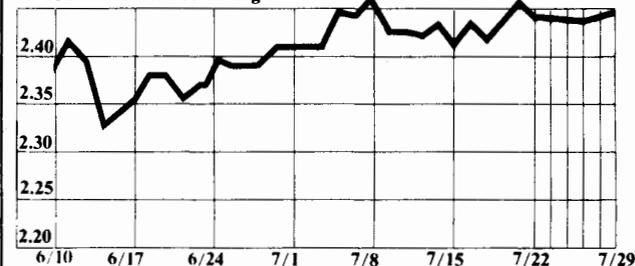
EIR: How does this square with the administration view that its policy of development will help increase the immunity of the underdeveloped world to communist and guerrilla incursions. Isn't there some danger that if we see low-wage, labor-intensive employment as the sort of development that we will assist in the underdeveloped world, that they'll see the policy as little better than colonialism?

Olmer: I visited a number of these assembly operations in Asia, and I think that they represent so far from the model you suggest as to really be night and day. Many of these labor-intensive assembly operations require, nonetheless, a degree of dexterity and skill which gives workers a sense of pride and identification with the product. The fact is that wages are low, but by our standards, not necessarily by the indigenous standards. It has worked and it is working in Singapore, Korea, and Malaysia, Taiwan, Hong Kong, the Philippines.

Currency Rates

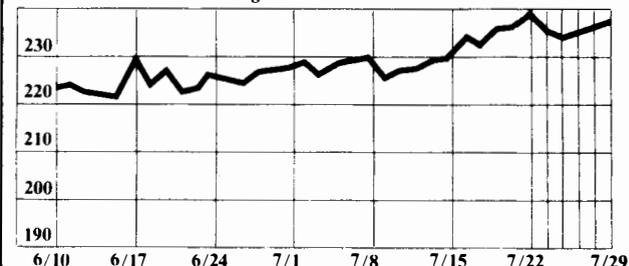
The dollar in deutschemarks

New York late afternoon fixing



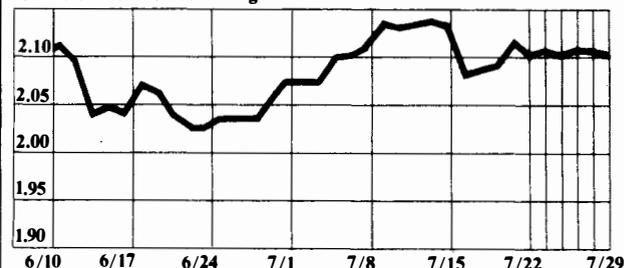
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

