Business Briefs

Labor

Bankers, IMF say 'smash U.S. contracts'

The IMF's proposed austerity program for the U.S. economy must begin with reopening and smashing labor contracts in this country in order to "cut American's consumption as far as possible" and bring on the "post-industrial society," a Federal Reserve economist told a reporter Feb. 8. The Fed official named the following industries' unions, whose contracts are up in 1983, as top targets for contract reopening this year: tobacco, building trades, glass, aluminum, copper, steel, communications, and aerospace.

This Fed spokesman is also secretly the chief economist for a bipartisan committee of 500 Wall Street bankers who want to slash the U.S. budget. The committee, led by Peter Peterson, head of Lehman Brothers, Kuhn Loeb, Robert McNamara, and Henry Fowler, is working closely with the IMF to force the IMF's demands for a large U.S. budget cut through Congress.

The Federal Reserve believes that Paul Volcker's depression has succeeded in "squeezing the average U.S. labor contract annual wage gain down close to zero," the Fed spokesman said. According to two secret Fed studies, entitled "The Natural Rate of Unemployment" and "How Recession Has Slowed Wage Growth," the economist stated, "the recession has successfully locked in a declining 1983, and it will stay that way."

"However, this is not adequate," he continued. "And more needs to be done to enforce an absolute reduction of wages. Most U.S. industrial wage rates themselves are much too high to be competitive with not only Japanese but South American labor rates. . . . Most workers who are now out of work in major U.S. industries such as auto, steel, construction, and other bellwether sectors will not be coming back to those industries, and that means that if those who are left wish to survive, wages in those industries must be reduced."

What must be done, he stated, is to "reopen" every major U.S. industrial union contract and force major "givebacks" across the board this year. The Wall Street bankers of the Peterson bipartisan committee, he said, are working jointly with New York Fed President Anthony Solomon, Fed Chairman Paul Volcker, and the big corporations of the Business Roundtable to do that.

If the companies take the initiative, then the U.S. government can also secretly step in and set an "incomes policy, a set of informal guidelines" to help lower the wage rates, the Fed man stated. The current USWA steel contract, recently reopened, "is the model."

Banking

Ditchley plots to force hand of Congress

The Ditchley Foundation in Oxford, England hosted a secret meeting the first weekend in February, attended mainly by British financiers and a few Americans. The Bank of England's Kit McMahon, "chief of rescue operations" for the British central bank, presided over the discussion.

According to an eyewitness, an IMF official declared "Brazil, Mexico, and Argentina are close to collapse—and bank shares are rising." The same eyewitness stressed, "What was good about that meeting at Ditchley was how much it showed that bankers never believe one word of what they're saying. It was touching."

Be that as it may, the "consensus" that emerged was that—barring the realization of a half a dozen utterly fantastic *if*s such as a major U.S. recovery, a sizeable drop in interest rates, a smooth process of rescheduling in the meantime—"in a timetable of 12 months, there will be the fall-off: a pyramid of debt moratoria and straight debt repudiation. The 'debtors' cartel' is an idea that has been floating around a lot. . . ."

The result, the reporter finished, is that "there is tremendous pressure *now* on the United States for a bailout; Wall Street and parts of the administration are working on it . . . they're pushing hard on Congress—but they've been compelled to scale down the requested quota increase."

World Debt

Kissinger Associates to 'advise' Venezuela

A founding member of Kissinger Associates, William D. Rogers, has been named a special "adviser" to the Venezuelan Finance Ministry on matters of debt negotiations, according to published reports in Caracas. The Washington-based Kissinger Associates, named for the former Secretary of State, is a front for British intelligence. It was founded during the Malvinas war in the spring of 1982.

"Hiring Rogers to advise you on how to handle your debt is like putting Dracula in charge of a blood bank," a spokesman for American economist and *EIR* founder Lyndon H. LaRouche stated. Rogers, a former Undersecretary at the State Department, and his Kissinger Associates colleagues are sworn to destroy the Third World, the spokesman said.

Before long, Venezuela will hire Henry Kissinger himself to run foreign policy, the *Diario de Caracas* commented Feb. 4, and added that the government could "name some ex-director of the CIA to head our intelligence services."

International Credit

Anglo-Soviet ploys in Yugoslavia

The monthly Bank for International Settlements (BIS) meeting broke up Feb. 7 after refusing to give emergency money to Yugoslavia because of the Yugoslav government's unwillingness to accept a BIS ultimatum to pledge its gold reserves for credit.

The Yugoslavs were asked to pledge their gold reserves against $200 million of the $500 million credit they were supposed to recieve immediately. The remaining $300 million from the central banks was to be a "bridge" loan for IMF loans. The Feb. 8 *Financial Times* says that Yugoslavia's entire $1.3 billion "rescue package" is now jeopardized.

According to a "cautious" bank source in Austria, this is part of the pressure being put on Yugoslavia by both London and Moscow before the March 7 Non-Aligned conference. Yugoslavia was a founding nation of the Non-Aligned movement. The banker said that "Yugoslavia is a mess. The collective leadership [rotating one-year presidencies] is a farce. Yugoslavia is on the brink of catastrophe . . . and the gold is all the Yugoslavs have left." The source went on to say that the name of the game is "pay gold or Andropov." Anglo-Soviet maneuvers include pressure by manipulating oil deliveries and oil prices. Yugoslavia's two leading suppliers are the Soviet Union and Libya. "Yugoslavia's blackmail by Andropov began the day after Brezhnev's funeral," the banker concluded.

Foreign Exchange

Howe to get a world money supply?

In a recent speech before the U.K. Parliament, British Chancellor of the Exchequer Geoffrey Howe asserted that world monetary arrangements "could no longer be based solely on the U.S. dollar." Howe was telling the British Parliament that the major obstacle to world economic recovery was the budget deficit in the United States, and that "international frameworks" had to be created to "impose discipline" on all countries. The new system, Howe stated, had to be shaped on a "multicurrency basis."

Howe was making public a long-standing Bank of England plan for creation of what the British like to call "world money supply," a system of central bank coordination where the major nations of the world jointly regulate how much money they are allowed to print on the basis of "global" monetary aggregates. The chief spokesman for "world money," which is actually a form of global cartelization of credit, is a Hoover Institute monetary affairs specialist, Prof. Ronald McKinnon, whose career was launched in U.S. monetarist circles by the Bank of England, through McKinnon's close friend, London *Financial Times* monetary affairs specialist Samuel Brittan.

World Bank

Brandt Commission circus performs in Bonn

Former British Tory Prime Minister Edward "Teddy" Heath introduced the presentation of the latest policy report of the Brandt Commission to the Bonn press corps Feb. 9 with a set of "demands" to be made by developing countries governments in negotiations for "fair treatment."

Heath said the Brandt Commission favors "collective renegotiation of Third World debt," which would include turning short-term debt into long-term loans to developing countries. IMF conditionalities, said Heath, "must be changed," because they are completely "unrealistic . . . unless you want to produce revolutions."

"Sonny" Ramphal, the General Secretary of the British Commonwealth Secretariat, proceeded to endorse Henry Kissinger's "plea" published in *Newsweek* at the beginning of February to the effect that "North and South really do need each other."

The report eventually reveals what it means by "renegotiation." The IMF should be empowered to issue more of its "Special Drawing Rights," backed in part by funds from the "surplus" countries like Japan, the United Kingdom, and West Germany, according to the report. In order to centralize all credit flows to developing countries under its own surveillance, the IMF should borrow any money it requires on the international markets.

The Brandt Commission report winds up joining hands with the "Peace Commission" of Swedish Social Democrat Olof Palme, by denouncing military spending as inherently inflationary. However, in opposition to a U.S. program to develop beam-weapons, as both war deterrent and "science driver" to the economy proposed by economist Lyndon LaRouche, the report says that "the alleged benefit of technological spin-offs from arms spending is a totally fallacious idea."

Briefly

● **JESSE HELMS** (R-N.C.) has introduced into the U.S. Senate the Agricultural Export Equity Act of 1983, a bill calling for the foreign sale rather than donation of surplus U.S. dairy products bought from farmers by the Commodity Credit Corporation. Sales of low-priced surplus products could undercut European and Ibero-American producers, and escalate current rivalry over markets.

● **PAUL VOLCKER,** the Fed chief, promised commercial banks in January that any loans they give from now on to countries implementing austerity programs designed by the International Monetary Fund will be considered "good" by regulatory authorities, even if the countries don't pay. Bankers, however, seriously doubt whether Volcker's promise has any clout. "It's not a real guarantee," one New York bank economist said, typifying the reaction of many others interviewed. Banks are also concerned that the Comptroller of the Currency, who also has jurisdiction on these matters, may not agree with Volcker's promise.

● **THE AMERICAN** Bankers Association will release a statement the week of Feb. 14 supporting a U.S. bailout of the International Monetary Fund. However, ABA lobbyists are working overtime on Capitol Hill to try to prevent Congress from attaching the bailout legislation to a program for stringent government regulation of the private commercial banks. The ABA strategy is apparently to strike a deal where Congress will only ask for "increased disclosure" of the banks' financial situation, and otherwise leave the regulatory process in the hands of the agencies now responsible.