Business Briefs

Energy

Gandhi turns on first Indian-built nuclear plant

Prime Minister Indira Gandhi turned on India's first domestically built nuclear power plant on July 23. Located in the southern state of Tamil Nadu, which has been hit by chronic power shortages, the plant's two 235-megawatt reactors were entirely designed and built by Indian scientists and engineers.

This is the first of several reactors in a program designed to give India 10 gigawatts of nuclear power by the turn of the century. India's plans also include the development of a breeder reactor using thorium, which can be mined inside India.

Energy is India's greatest single economic problem. Innumerable factories throughout the country are operating at only half-capacity due simply to lack of energy. The transport network is tied up carrying scores of tons of coal hundreds of miles. Rapid construction of nuclear power plants could multiply India's production quite rapidly even with current captital stock.

International Credit

IMF defends itself: 'We're not sadists'

International Monetary Fund alternate executive director for Spain José Luis Feito defended the "Politics of Economic Adjustment of the IMF" against its critics in the Madrid daily *El Pais* July 23.

"The economic policies recommended by the Fund [in Latin America] certainly have not passed unnoticed by public opinion," Feito wrote. "The observation of the criticisms that have been made from all kinds of perspectives against the Fund confirm the opinion of a known economist about that institution. This economist said that one could say of the Fund what Oscar Wilde said of George Bernard Shaw: 'He doesn't have enemies, but his friends don't like him.'

"The reality is that the Fund imposes the economic policy that can be financed with the foreign resources available at that moment. . . . If the economic policy . . . is strongly restrictive, this is due to the constraints on foreign financing to which the country is submitted, and not to a propensity to sadism on the part of IMF functionaries."

Development Policy

LaRouche presents proposal to Thailand

On July 27, Mr. and Mrs. Lyndon H. LaRouche, Jr. were officially received by the vice-premier of Thailand, Admiral Sonthee Bunya Thai; the Thai minister of communications and transport; and the Thai deputy minister of finance. Parts of the meeting were filmed by Thai television.

Mr. LaRouche, the founder of *EIR* and the LaRouche-Riemann econometric model, presented these officials with a plan for an economic renaissance in which Asia would become the center of the world economy. Since this area has 2½ billion people, it must form the crux of turning around the world economy out of its current depression, LaRouche stressed.

The center of the plan presented by Mr. LaRouche, a 1980 contender for the Democratic presidential nomination and prospective candidate for 1984, consisted of four projects for massive development of transportation, energy, and water management for agriculture. The projects include the North-South China canal, the Mekong River Development project, the Kra Isthmus canal through the Malay peninsula, and the Indian basin project for water and flood control.

Mr. LaRouche emphasized that, under conditions of such economic cooperation, including considerable input from Japan and India, a situation of economic boom could be created in which local conflicts, including those involving China, could be solved. Within such a situation, all countries could be free to pursue their own national interests while enjoying the benefits of this economic growth.

Debt Strategy

Spanish press: 'Operation Juárez relaunched'

The major financial daily of Spain, *Cinco Dias*, reports that the Operation Juárez proposal for joint debt renegotiation and creation of an Ibero-American common market of *EIR* founder Lyndon LaRouche has been "relaunched" by the Brazilian debt crisis.

Titled "Brazilian Debt Crisis Relaunches 'Operation Juárez'; A Common Strategy to Renegotiate the Latin American Debt," the July 13 article states that: "After the confrontation between Brazil and the IMF, actions have intensified toward formation of a Latin American common market and a 'cartel' of debtor countries, following the outline of the so-called 'Operation Juárez,' that could be relaunched in some of the upcoming international meetings in coming weeks.

"Lyndon H. LaRouche, Jr., founder of the prestigious publication *Economic International Review* [sic] (*EIR*), laid out a year ago the basic lines of this 'Operation Juárez,' which in theory should allow the most indebted Latin American nations to negotiate a postponement of their debt and to obtain new credits that would facilitate continental development. . . . Great projects could be completed in the areas of energy, hydraulics, and transport, which would make possible rapid industrialization of Latin America. As the permanent secretary of SELA, Carlos Alzamora, told *EIR*, the debts should only be paid in conditions which maintain economic development and the standard of living of Ibero-american populations. . . .

"This dispute of the Ibero-American countries with the IMF is concretized in a three-month plan to reduce the international debt, based on three points of common action: '1) Establish a continuous interchange of information between the Latin American central banks on the state of negotiations of the debts of each country; 2) Force reduction of the high interest rates weighing on the Ibero-American loans; 3) Demand change of the restrictions imposed by the IMF.'. . .

"On July 24, the heads of state of the Andean Pact countries will meet in Caracas to celebrate the 200th anniversary of the birth of Simón Bolívar: a good occasion to push forward 'Operation Juárez'. Finally, in September the Interamerican Economic and Social Council (CIES) will hold a conference in Caracas on the Ibero-American foreign debt, with participation of the finance ministers of the various countries.

"In any case, it seems clear that any declaration favorable to 'Operation Juárez', especially if it proceeds from the heads of state of the Andean Pact countries, would be immediately supported by the most indebted nations (Brazil, Argentina, and Mexico) by the simple procedure of not paying their debts."

Agriculture

Decreased exports used to justify production cuts

U.S. agricultural exports will be about $35 billion in the current fiscal year, which ends this September—down $4.1 billion from 1982 and nearly $9 billion below record high 1981. Predictions for 1983 are "less than optimistic" since export value was down $4.1 billion in the first seven months of 1983 over 1982.

However, the signal coming from the USDA is that farmers who went on a growing binge during the 1970s under the impression that the world economic situation would continue will now have to reduce production.

Further, USDA expresses little hope in the near future for an increase in agricultural exports to revive the farm economy. The reasons for falling U.S. export sales, they say are: 1) economic recession and depressed consumer incomes in major markets; 2) continued strength of the dollar, which inflates prices of U.S. goods in relation to foreign currencies; 3) greater competition from other exporting nations such as the EC; and 4) erosion of the U.S. share of the Soviet market.

European Community

Report urges an end to export subsidies

Sir Frederick Catherwood, British Conservative member of the European Parliament, has written a report calling for an end to the European Community's policy of food export subsidies. Catherwood released his report during European Parliament debate in early July on the supplementary $2.15 billion budget proposed by the Brussels Commission to finance increased farm spending for 1983.

The report on the foreign policy aspects of EC food export subsidies also called for an agreement with the United States on agricultural markets.

The report calls for the "curtailing of subsidized surpluses by the major agricultural producers" because it "is likely to raise world prices, encouraging local production, and provide the only sufficient source of cash for irrigation and the other investment needed to avoid chronic famine and death in the next two decades." Rather, the EC and the United States should reach an agreement "under which both parties would give each other mutual assurances on the limitation of expensive export subsidies and would negotiate the major issues outstanding in agricultural trade."

Sounding very much like the Kissinger World Food Bank proposal of 1974, the report said that the EC should use its cereal surpluses to build a world food security system and should not try to unload them on the developing world, and should consider schemes to compensate them for leaving land fallow or for cutting production of foods in surplus.

According to *Feedstuffs* newspaper of July 18, the Catherwood report has infuriated the farm lobby in Strasbourg, and the Agricultural Committee appears to regard such ideas as a heretical attack on the principles of the Common Agricultural Policy. Nevertheless, the EC is operating under the same budget-cutting illusion as the U.S. government and believes the CAP's subsidy program could be slashed as is the United States's.

Briefly

● **THE U.S. TREASURY** reports in its June 30 Treasury Statement that it paid almost as much interest on the public debt for the month of June as it did for national defense. Outlays for interest reached a record monthly figure of $17.0 billion while Department of Defense expenditures tallied $17.9 billion. Interest payments for the nine months of the 1983 fiscal year totaled $98.4 billion, the third largest expense of government.

● **ISLAND CREEK COAL COMPANY** of Lexington, Kentucky, one of the largest U.S. producers, has offered half of its properties for sale and dismissed half its 7,400 workers. The company blames very sluggish sales. U.S. railway freight car loadings of coal are down 14.4 percent in the first half of 1983 compared to 1982.

● **FRITZ LEUTWILER,** chairman of the Bank for International Settlements, was the subject of a scathing editorial attack in the May 1983 issue of the Buenos Aires monthly *Busqueda*. On Swiss televison, the journal noted, Leutwiler demanded "the reduction of the standard of living in countries where the population already lives below the existence minimum. It's difficult but the deeply indebted countries cannot be spared this bitter course. It only needs time." *Busqueda* commented, "Unfortunately, this gentleman has the clout to fulfill his aims. Horribly enough, he's succeeding. . . . This is the enemy of the population, who appears with the abominable face of usury condemned by Christ, Aristotle, St.Thomas and all the humanist thinkers."

● **HUNGARIAN** party leader Janos Kadar used his visit to Moscow the week of July 18 to lobby for further reforms of the Hungarian economy. One measure will allow Hungarians to work in the capitalist West, if they agree to change 20 percent of their hard currency income into forints. In addition, private restaurants and small shop owners will be able to double the number of their employees from three to six.