Business Briefs

Operation Juárez

Peronists repudiate acceding to IMF

Argentina's Peronist-run General Labor Confederation (CGT) declared on Dec. 6: "We are indignant that the government subordinates the sovereign interests of the people to a socio-economic policy seriously compromised by the impositions of the International Monetary Fund. . . . We workers are not willing to pay the foreign debt nor put up with starvation wages nor for retired co-workers earning $110 after having sacrificed their working lives to making the country greater."

The labor unions called for all sectors of the country to unite against the IMF-dictated policies. Peronist legislators responded in similar tones.

The CGT boycotted official briefings on the deal with the bankers and announced that it would no longer participate in talks with a government which wanted merely to use it as "a figurehead" for austerity policies.

International Trade

Is Malta becoming a new off-shore haven?

The strategic Mediterranean island of Malta is rapidly becoming a crossroads for East-West traffic, according to the West German media. The *Süddeutsche Zeitung* of Munich reported on Dec. 4 that Malta is becoming a new "springboard" for offshore deals between German firms, Arab countries such as Libya, and the Soviet Union.

According to the Munich paper, in recent months, since the withdrawal of British naval-basing treaty provisions following independence in 1980, Malta has become a peculiar offshore "tax-free" haven. Maltese gold reserves are reported to be at the astonishingly high level of 3 billion deutschemarks, about double the per capita level for Germany. In recent weeks, Malta has signed trade deals with the Soviets for construction of a major new medical-technology facility and a major oil-import agreement with Qaddafi's Libya. West German firms are also building a grain silo in Malta with an 80,000-ton capacity, which will make it one of the largest in the Mediterranean. This could position the island to become an entrepôt for the vast East-West grain deals now ongoing via the Big Five grain-cartel companies.

Austerity

City of London attacks Italy's Craxi

In its daily survey on Dec. 4, the London *Financial Times* attacks the Craxi government of Italy with an article on the Italian economic and banking crisis entitled "Frustration on all sides." Author Alan Friedman accuses Craxi of failing "to come to grips with Italy's frightening public-sector deficit."

"The International Monetary Fund," says the *Times*, "warns periodically of the deficit being a 'time bomb' or a 'cancer'" and that "in a worst-case scenario the situation could deteriorate over the next few years to become a financial crisis." According to the paper, the reason for such a crisis would not be the conditionalities policy of the IMF, but the fact that "social programs are sacred to all political parties" and that "traditionally Italian budget cuts are met by stiff parliamentary resistance." The *Financial Times* notes that the "current effort to increase taxes on Italian shop-keepers caused 1 million of the shop-keepers to shut down and strike two weeks ago."

American Industry

Unemployment and factory orders fall

The Commerce Department reported a 2.5% drop in October orders for manufactured goods, including a 3.5% drop for durable goods and a 9.3% drop for non-defense capital goods. Both orders and the order backlog are roughly at their early-1984 level.

Meanwhile, the nation's civilian unemployment rate allegedly fell 0.2% to 7.2% of the work force in November, from 7.4% in October, according to the Labor Department.

The department said that much of the employment gain was the result of larger than usual hiring in the retail sector—related to the holiday season. Other services also increased employment during the month.

Ibero-America

Japanese banker predicts Brazil loans

According to an official of the Bank of Tokyo, Brazil may start receiving voluntary loans from international commercial banks as early as next year.

"There is a possibility of new voluntary lending to Brazil next year or the year after" if Brazil continues to keep interest payments on principal current, Tomoo Miyazaki, senior managing director the the Bank of Tokyo said.

The Bank of Tokyo is one of Brazil's largest creditors. Brazil has heard such promises before.

Voluntary lending refers to loans that aren't part of the forced debt-rescheduling agreements that banks have had to make with most Ibero-American countries since 1982.

Tomoo Miyazaki said Brazil already has made "excellent progress" in adjusting its economy, especially its external accounts. At the cost of misery and hunger, the country is expected to have a trade surplus of at least $13 billion this year, double the record $6.5 billion surplus of 1983.

International Credit

Swiss bankers' group rejects SEC secrecy plan

A new dispute threatens to disrupt the already tense relationship between the U.S. Security and Exchanges Commission (SEC) and the Swiss banks. The Swiss Bankers'

Association has firmly rejected SEC proposals to override banking secrecy laws of foreign nations when securities are bought and sold in the U.S. market.

In a letter to the SEC, the association accused the United States of "attempting to impose unilateral law" in U.S. securities transactions. It warned that the SEC's plan, which would apply to the direct and indirect sales and purchases of securities, could be an infringement of international law. In addition, the association said that the proposals could lead to a loss of business for U.S. brokers and stock exchanges.

The SEC asked interested parties in July to comment on a proposal that "the purchase or sale [of securities in the U.S.]
stitute an implied consent" to disclose information and relevant evidence.

The Invisible Hand

German government finds Greens in red

An official report on party finances compiled by the Federal Accounting Office of the West German government has found that the Green Party's finances are not sound, and do not accord with relevant laws.

The report, covering the 1979-84 period, documents that the Greens were never able to finance their operations through membership dues, but lived largely from state funds in the form of election campaign refund monies. In 1979, the Greens financed 98% of their operations through such funds, and in 1980, 80%. Even in 1983, with more Green Party members officially registered, the party relied on state funds for 70% of its operations. Since 1979, the federal organization of the Greens has been paid 45 million deutschemarks by Bonn—for politics fundamentally opposed to the government.

Under new party laws adopted last January, it is expected that the Greens will have to repay 50% of their "earnings" from the European Parliament election campaign, and there is some talk about prosecuting them for violating party funding laws.

Four Christian Democratic parliamentarians posed a parliamentary question regarding Green finances, and got official confirmation from the office of the president of the parliamentary assembly that the Greens have failed to meet party funding laws. One of the four told *EIR*: "We definitely want to move against the Greens—this was just a beginning. We did it because the Greens thought they could teach other parties lessons on alleged bribery and other financial irregularities. . . . The reports here prove one thing very clearly: The Greens have violated laws, and they knew they did it."

In another prominent case, the pro-Green spokesman for the Social Democratic Party (SPD), Jo Leinen, also national spokesman of the BBU, the umbrella organization of European "ecologists," has failed to document how he spent a sum of between 80,000 and 105,000 deutschemarks which he received from the previous SPD government for "dialogue between state and citizens' groups." Christian Democrats investigating the case found that the money went to bank accounts which had—at least officially—nothing to do with his organization.

Additionally, the Interior Ministry in Bonn wants to take a more thorough look into the "East bloc connection" which is channeling at least 50 million deutschemarks into the Green movement annually.

Banking

More stringent regulations urged

William Poole, a member of President Reagan's Council of Economic Advisers, said on Dec. 5 that current banking regulations allow too much of banks' funds to remain protected by federal insuring agencies such as the FDIC. Poole said banks are now in a position to take whatever risks they like up to a point, and the FDIC takes the loss if the gamble fails.

To solve the problem, he suggested that strengthened capital requirements be put into place and that banks be required to have a set percentage of their deposits in unsecured notes.

Poole, who will leave the administration in January, said the requirements would "slow down and discipline" the rapid growth of banks and savings and loan institutions.

Briefly

● **COLOMBIAN** President Belisario Betancur wound up a three-day visit to Mexico by reiterating "the need for the whole continent to integrate to be able to confront problems which overwhelm us, especially the foreign debt." Betancur was insistent that a meeting between the United States and Ibero-America to solve the debt problem take place during the next four months.

● **SUMITOMO** Bank has begun lending and borrowing dealings in the European Currency Unit, the second major Japanese commercial bank to do so, following the Bank of Tokyo. A company spokesman said the bank offered 6 million ECU ($4.5 million) in loans to Daiwa Securities Co., and borrowed 5 million ECU ($3.6 million) from Sumitomo Mutual Life Insurance Co. The use of the ECU has been a special project of Central European financial interests who seek a financial "decoupling" from the dollar.

● **THE PRESIDENTIAL** Commission on Organized Crime was told by a Colombian launderer of drug money how he laundered more than $250 million in drug money through several financial institutions. He presented testimony especially against the Great American Bank of Miami and the New York branch of the exchange house Deak-Perera.

● **DEAK & CO.,** the holding company that owns Deak-Perera U.S., Inc., one of the largest non-bank foreign currency and precious metals trading firms, filed for reorganization under the U.S. Bankruptcy Code. The bankruptcy-court petition didn't include Deak-Perera U.S. nor the separately owned Deak National Bank. Also excluded was Deak & Co.'s blocked-funds unit, which helps companies with foreign operations bring back funds to the U.S. when they have been tied up in foreign currencies due to foreign government restrictions.