

Business Briefs

International Credit

Debt crisis predicted to be coming soon

Just as the *New York Times* and the *Washington Post* began to report that "the worst is over" in the Ibero-American debt crisis, a British author issued a study suggesting that major debtors would soon stop paying altogether.

Anatole Kaletsky, in an article published by the 20th-Century Fund, argues that the bankers have been lulled into a "deceptive calm" by the debtors' capitulation to the IMF. Kaletsky predicts that several of the major debtors will become increasingly unwilling to accept creditor demands and that they are now in a better position to do so since they have built up dollar reserves and made themselves more self-sufficient in energy and food. Mexico, Brazil, Argentina, and Venezuela might opt for "conciliatory default," which means to stop paying without outright repudiation. He calculates that Brazil would gain by defaulting and that sanctions imposed by creditors would be less than the benefits of not paying.

The motivation for his paper is seen in his conclusion: It is up to the United States government to save the big banks by assuming a major share of the debt burden itself.

'Appropriate Technology'

London *Economist* calls for peasant agriculture

The London *Economist* is promoting Chinese-style peasant agriculture as the alternative to U.S./European capital-intensive food production. The lead article in the Feb. 2 issue, entitled "Peasants Rising," claims that Chinese peasants have doubled wheat production to "instantly become the world's biggest wheat producer." Chinese, Punjabi, Sri Lankan, and Burmese production rises are cited as reasons to "explode the old conventional wisdom that big dams, big farms, big everything are the way to agricultural growth."

The article continues: "Agricultural miracles start when countries stop favouring large-scale, equipment-intensive and capital-intensive farming." Calling for market incentives to increase Third World peasant output, the *Economist* calls for further genocidal currency devaluations and elimination of protectionist trade and industrial policies in Third World countries. Then, turning to the capital-intensive advanced agricultural sector, the magazine praises the proposal of the U.S. Agriculture Department (i.e., Cargill, Inc.) to turn U.S. agriculture toward an all-out "free market" war against European farmers. "This might drive the EEC's common agricultural policy into bankruptcy and flatten its grotesque food mountains."

Political Economy

IMF pushing Yugoslavia into Soviet arms

Under the weight of \$35 billion in foreign debt, Yugoslavia will be driven into further dependence on the Soviet Union unless the IMF approves refinancing with no conditions attached. This is the message Yugoslav Premier Milka Planinc gave to Italian Prime Minister Bettino Craxi during the latter's early February state-visit to Belgrade. Planinc asked Craxi to mediate on this issue with Western nations and the Fund.

"The debt problem is a political one," said Planinc. "The world economic crisis has hit hardest in the developing countries living under the heavy burden of debts. Now people are aware of the fact that they won't be able to pay back their debts unless they are given an opportunity to develop." If the mediation requested fails, reports the Italian press, Yugoslavia will implement an "alternative zero" plan, completely integrating with the Warsaw Pact economies as the poorest in the list.

The austerity measures demanded by the IMF have created a dangerous social and political situation in ethnically divided Yugoslavia, with food shortages and a reduction of salaries "below the level of minimum subsistence."

Industrial Espionage

U.K. may give U.S.S.R. computer technology

Will London run the Western "blockade" imposed on exports of high-tech computers to the Soviet Union? A leak in the London *Times* on Feb. 4 points to that possibility. Britain's leading computer manufacturer, ICL, may build a major factory in the U.S.S.R. to produce "personal computers"—something which may boost Moscow's lagging electronics industry. The deal, not yet final, was reviewed last December in London during Mikhail Gorbachov's meetings with Margaret Thatcher. The number-two man in Gorbachov's delegation, Academician Yevgenii Velikhov, met with "senior ICL management." Velikhov, who ranks high in the Soviet beam-defense program, was accompanied by "representatives of Russia's information technology ministry and its electronics company, Elektroorgtechnica," the *Times* reported.

Agriculture

Farm debt bomb set to explode

The lead agenda item of several meetings of the Reagan cabinet in late January was the debt crisis in the U.S. farm sector, including a full cabinet meeting on the subject. On Feb. 5, President Reagan and his cabinet discussed strengthening relief for debt-burdened farmers.

Reportedly, the gist of the administration's plan to deal with this problem is to provide new federal guarantees for existing bank and cooperative loans to financially troubled farmers if banks agree to lower farm interest rates. A spokesman for the Agricultural Committee of the Independent Bankers Association of America said this was still insufficient, citing the farm debt crisis, for example in the state of Nebraska, where, according to the spokesman, irrigated crop-

land areas have fallen 40% over the past few years, dryland prices have fallen 30%, and grassland has fallen 25% to 40%.

A congressman from one of the U.S. Rocky Mountain states told a journalist on Feb. 5: "I don't see the main crisis to the financial system coming from a possible lower oil price. What is more worrisome is the relation of banking and agriculture. That will be of more immediate concern to the Congress than the oil-price question. The agricultural debt is owed to leading financial institutions. The farm sector keeps the agribusiness sector going, which in turn is heavily indebted to the banks. So, leading banks will be exposed, particularly the midwestern ag-related banks and banks in California, which is an important agriculture state."

Operation Juárez

Cartagena warns IMF against austerity

Representatives of the 11 most indebted nations of Ibero-America, dubbed the Cartagena Group after their first meeting site in Colombia, ended two days of meetings in Santo Domingo, Dominican Republic on Feb. 9 by calling for the developed nations to open a "political dialogue" on the Ibero-American debt.

After two days of difficult discussions, representatives could not reach an agreement on a common strategy, primarily because of the position of the largest debtors who already have bilateral agreements with the IMF, and are therefore in no hurry to set a date for a confrontation.

The six-page final declaration states that the social explosions Ibero-America experienced during the past year are most likely to increase due to "the extent and the speed of the adjustments applied," which in plain English means that people cannot take the brutal IMF austerity anymore. No date was set for the next meeting, which means the Cartagena Group will wait until after the Interim Committee meeting of the IMF in April. Other important issues of the Cartagena accords, limitations on "foreign profit

repatriation" and on the percentage of total export earnings used to pay the foreign debt, were not mentioned in the final communiqué.

Research

New fusion energy journal published

The first issue of the expanded *International Journal of Fusion Energy*, dated January 1985 has been published by the Fusion Energy Foundation.

An article by Dr. Winston Bostick of the Stevens Institute, "The Morphology of the Electron," is the lead article of the first issue. Other feature articles are "Missing Energies at the Pari Production by Gamma Quanta," by Erich R. Bagge of the University of Kiel, West Germany, which shows that the "neutrino" cannot exist, and "New Frontiers in Biophysics" by James Frazer of the Houston Medical Center. Also included are translations of E. Betti's 1869 paper, "On Electrodynamics," and B. Riemann's 1858 paper, "A Contribution to Electrodynamics."

The new *IJFE* has set itself the task of providing a full range of news and ideas in the areas of 1) highly organized plasmas of increasing flux density, 2) directed energy processes, and 3) areas of advanced biological research.

Articles, reports, and abstracts of works in these areas are invited. As the editorial states: "We the publishers, referees, and editors each have our points of view; but within the area of the subject matters indicated, to those of you working in these areas or fields bearing upon them, we say to you, as *Crelle's Journal* said to the scientific community of its time: 'This is your journal, for your use and your advantage. May you be aided to accelerate science's indispensable contribution to the general advancement of the human condition.'"

Dr. Robert J. Moon, professor emeritus at Chicago University, is the editor-in-chief.

Subscriptions to the *IJFE* are \$80 for four issues (one year) and \$100 for foreign airmail. A promotional flyer and subscription blank will be available.

Briefly

● **HENRY WALLICH**, economist for the Federal Reserve Board, said on Feb. 8 that 90% of the billions of dollars loaned to Venezuela during 1974-82 was sent out of that country as flight capital, compared to the figure of 50% leaving Mexico and Argentina. Wallich asserts that it is time to study "the creative innovation of new forms of international capital movement."

● **LUIS HERRERA** Campins, former Venezuelan president, stated at a press conference in Guatemala on Feb. 5: "The United States doesn't need enemies like the Soviet Union when its own institutions like the IMF make enemies for the United States for free. . . . The United States has not managed to design a policy towards Latin America, because it neither understands our historical reality, nor our idiosyncracies. . . ."

● **THE BUNDESBANK'S** Jan. 28 *Auszüge aus Presseartikeln* (Excerpts from the Press) reprinted in full *EIR* European Economics Editor Laurent Murawiec's op-ed from the Jan. 23 *Financial Times* blasting international bankers' policy of destroying developing nations through "adjustment" and debt-reorganization schemes. The article outlined *EIR* founder Lyndon LaRouche's policy of "Great Projects" for Third World development. The placement of such an article in the West German central bank's carefully edited press review may be taken as an unequivocal signal from Frankfurt bankers that, whether they like LaRouche or not, they are watching him carefully.

● **THE PLO** put a communications satellite into Earth orbit on Feb. 8 to help increase communication to remote areas in the Middle East. The Arabsat was lofted into orbit by a French-built Ariane rocket from the Kourou space center in French Guiana. It is the first ever French-built satellite.