

Business Briefs

Dope, Inc.

Miami federal reserve dope money depository

According to a confidential study by the Drug Enforcement Administration, the Miami branch of the Federal Reserve Bank is the only branch that has generated a cash surplus, because it is involved in laundering drug proceeds.

Cash from Colombia accounted for 15% of the \$2.7 billion deposited at the Fed's Miami branch in one 12-month period, according to the report.

The Miami branch of the Federal Reserve was created about a decade ago, specifically to accommodate government authorities in Colombia, allowing them to ship excess U.S. currency to nearby Miami.

The DEA report places the Miami Federal Reserve branch at the pinnacle of a drug-money laundromat that also includes banks in the Bahamas, Venezuela, Panama, and Grand Cayman Island.

A spokesman for the Miami Federal Reserve branch said April 15 that it was not in a position to know the origin of the money deposited in it, but that two other reasons for the cash surplus might be the Florida tourist industry and the fact that Miami is a center for trade with Latin America.

Banking

Full-scale U.S. crisis by June?

London is rife with rumors that a full-scale U.S. banking crisis will erupt in June, by the end of the next interbank debt rollover period June 30.

Some London sources say that, on top of the huge and growing Texas banking crisis, California savings and loan bailout problems, the rumor in the City of London is that Manufacturers Hanover is in very serious trouble.

A London banking analyst told *EIR*, "The U.S. government created a frankenstein

monster in 1984 when it set the precedent with Continental Illinois, calling it 'Too Big To Fail' (TBTF). At that time the informal word let out from the authorities was that it was only the top 11 money center banks who were TBTF. Now First Republic [of Dallas, Texas] comes and it is No. 13, and then First City BankCorp of Houston, and Financial Corp. of America of California. There is a very big ongoing debate in the United States, with healthier regional banks furious with the FDIC giving these blanket bailouts to these banks. It is a very sensitive issue."

'Free Enterprise'

García brings drug lobbyist in to lobby

The once fiercely nationalist President of Peru, Alan García, appears to be well on his way to capitulating to the forces of usury, which have blocked his efforts since 1985 to develop his country and forge unity of Ibero-American nations to relieve their terrible debt burdens.

On April 9, President García invited Hernando de Soto, the head of the Institute for Freedom and Democracy (ILD), to lecture the Peruvian cabinet for several hours on his proposals to turn Peru's into an "informal" economy. De Soto is the leading Peruvian representative of the Project Democracy "parallel government" elements based in the United States (for example, Oliver North's friends). Their policy is to restrict Ibero-America to Hong Kong-style "free zone" economies.

De Soto's "informal economy" parlance is a euphemism for opening up Peruvian and other Ibero-American economies to drug-trafficking, dirty-money laundering, and associated organized-crime "free enterprise."

In this, De Soto has stood for the very opposite of García's agro-industrial development policies—at least, until now.

It is observed that García, who failed to break with the Socialist International, had earlier capitulated to U.S. pressures over the Panama issue, effectively siding with the U.S. State Department against Panamanian

sovereignty over the issue of Gen. Manuel Noriega—no small treason, given that Noriega was García's first, and virtually only supporter when, in 1985, the new Peruvian President slapped a 10% limit on the foreign exchange that would be used for foreign debt payments.

Agriculture

Record farm debt write-offs projected

The Farmers Home Administration (FmHA) expects to write off \$8.8 billion in delinquent loans over the next two years, more than twice the amount previously forecast, the *Wall Street Journal* reported April 14.

However, the agency itself admits that the action is unlikely to save any significant number of America's financially troubled farmers. "It would be unrealistic to expect a wholesale rescue of our most troubled borrowers," FmHA administrator Vance Clark told a Senate agriculture subcommittee April 13.

Only 16,200 of the agency's list of 118,000 delinquent borrowers "stand to benefit" from the write-down provisions of the law, he said. Many farmers and ranchers "are in such bad financial shape that even writing down their debt won't save them."

Development

Mitterrand backs Third World 'Marshall Plan'

In a programmatic statement, incumbent French President François Mitterrand, now running for re-election, has called for a "global plan for economic development of the Third World," modelled on the postwar Marshall Plan.

His proposal includes:

- "Outright cancellation of the debts of the poorest African countries," and other Third World debtors.

- Linking debt repayment to raw materials export prices.

Briefly

● **HELMUT SCHMIDT'S** aides went to Moscow in mid-April to plan the May 16-19 summit conference of the former German Chancellor's Inter-Action Council of Former World Leaders. The conference, on the theme, "Preparing for the 21st Century," will take place in a historic building next to the Kremlin, and will feature discussions on the international economy, disarmament and strategic defense, and other subjects.

● **TAX REFORM** saved President Reagan \$6,000 in taxes in 1987. While the rest of Congress, including tax reform author Bill Bradley, are receiving hate mail from their constituents, the President and Mrs. Reagan paid the lower amount, despite making more money (\$345,000-plus).

● **92 TEXAS BANKS** have already failed in 1988, bringing the U.S. bank failure total to 131. The Federal Deposit Insurance Corporation only counts 19 of the Texas banks as failures, since it officially ignores 73 bank subsidiaries of First Republic Bank holding company. Says the FDIC, 51 banks have failed in the United States. Oklahoma is second to Texas with 7, followed by Louisiana with 6, and Kansas with 5.

● **LOUIS DU PONT SMITH**, heir to the family fortune who was declared mentally incompetent for giving political support to Lyndon H. LaRouche, Jr., estimates his losses at more than \$250,000 in the April 14 stock market crash, because Wilmington Trust refused to heed warnings to sell his equity holdings, contained in a letter he sent the bank two weeks earlier. Smith lost an estimated \$2.5 million on "Black Monday," Oct. 19, because the bank similarly ignored his advice.

● **GEORGE BUSH** has said privately that if the U.S. economy takes a downturn, it will make it hard for him to get elected, says Bush aide Steve Hart. But Bush does not, he said, think that the April 14 crash was a "bad signal."

Calling the present Third World debt crisis more dangerous than the threat of nuclear war, Mitterrand stressed that "the extreme poverty of Africa, Latin America, and Asia creates wars, revolution, hunger, and epidemics. Misery engenders misery, as if it were inevitable that 2 billion human beings descend into hell."

The call for a "Marshall Plan" approach to Africa and other Third World countries had previously been most widely identified with opposition Prime Minister Jacques Chirac, also a presidential candidate, and Chirac's agriculture minister, François Guillaume. Guillaume has specifically advocated a "Marshall Plan" approach on the matters of food and Third World agricultural development.

Markets

Will central banks keep bailing U.S. out?

"The Central Banks are in for a torrid time in the foreign exchange markets," was the comment of a senior merchant banker in the City of London, after the fall in the U.S. stock market on Thursday, April 14. "Thursday is just the sort of debacle which I have been expecting, but it happened sooner than I had thought. This could be the prelude to very bad news in May. In any case, markets now are sensitized to react to every news as potentially 'bad,' whereas before Thursday, it was just the opposite for the past several months."

According to another banking insider, "It will all depend now on the Japanese, whether the Bank of Japan is willing to buy all the dollars on world markets. [Finance Minister] Miyazawa indicated that for the moment Japan is firmly behind the U.S., when he said the Bank of Japan will intervene 'very heavily' if necessary to support the dollar. The Germans and perhaps also the Bank of England will not be so eager this time to support the U.S. deficit."

Indeed, British Chancellor of the Exchequer Nigel Lawson is reported to be furious with Treasury Secretary James Baker,

who led him and other finance ministers through Group of Seven talks in Washington only one day prior to the Wall Street crash, without telling them of the disastrous U.S. trade data which triggered it.

British support for the dollar may be less than vigorous, he hinted to reporters. "There are more ways to support a currency than by buying on foreign exchange markets." This was an obvious indication that British strategy would be to pressure the U.S. Federal Reserve to raise U.S. interest rates.

Debt-for-Equity

Petrobrás is saved from privatization

Nationalist military sectors in Brazil have forced President José Sarney to back away from some measures he was prepared to take to appease international creditors and the International Monetary Fund.

Sarney has changed a piece of legislation that would permit the government to sell state companies on the private stock market. Sarney sent the bill to Congress March 30. The change would specifically exempt the state oil monopoly, Petrobrás, from any "privatization."

"I will not be in command of the Ministry of Mines and Energy when the oil monopoly, the conquest of the entire nation, crumbles to the ground," proclaimed Minister Aureliano Chaves, who was vice president during Gen. Ernesto Geisel's regime.

However, Sarney remains committed to denationalization of the steel industry, electrical utilities, and other state companies.

The move is designed to raise \$2 billion for the government, which moneys would be quickly turned over to international creditors, under the prevailing austerity policy of Sarney and his finance minister, Maílson da Nóbrega.

In an April 14 interview, da Nóbrega announced further spending cuts to reduce the budget deficit by about \$2.8 billion. Officials said the cuts will mainly involve postponing and reducing government development projects.