

by 1978. Aren't they afraid of having their domestic economic policy dictated by debt-service needs?

**LB:** The *Financial Times* estimate was way out in left field. First of all, the Soviets have a surplus, since their deficit of \$500 million was balanced by \$1 billion in gold sales. Also, the *Financial Times* assumed that all the gas deals with Japan would be signed, and they haven't. The Soviet Union has a \$600 million surplus with Japan, for example. I'm very impressed with their ability to increase exports. We've told the Soviets of their interest in getting in on the discussions around international monetary reform. But so far they've done nothing. They wouldn't have to join the IMF, only get in on the discussions. Right now, we are discussing the issue with Congress, defending the trade bill. We're for subsidized credit for everyone if possible.

**IPS:** I have one final question, Mr. Brainard. How do you assess the current world liquidity situation? Many observers have spoken about a possible 1929-style collapse.

**LB:** As far as liquidity is concerned, it is adequate currently. The difficulties will come with the reluctance of major banks, such as Chase, to go through with major loans. You can't lend out long-term loans on the basis of highly liquid short-term deposits. There is some reluctance among banks now to accept deposits on the short-term. Banks are also concerned with the very competitive situation. I haven't seen spreads rise on loans, and they are too low. Banks are therefore in a riskier position. I could conceive of a growing reluctance of banks, including Chase, to pull in their horns. Then there would be trouble.

#### **CIA PLANNED PORTUGAL COUP**

May 17 (IPS) — Fofana Cheik, personal representative of President Sekou Toure of Guinea said that the CIA had ordered the coup in Portugal and had planned it as far back as 1970, when the CIA reported to Nixon that Portugal's premier Marcello Caetano could prove embarrassing because of losing efforts in Guinea Bissau, Mozambique, and Angola (*The National Herald*, India).

#### **BELGIAN VIEW OF THE FRENCH ELECTIONS**

May 17 (IPS)— In a May 8 article titled "For Washington The Essential Thing Is Not Who Wins, But Will France Be Stable?" *Le Soir* comments: At this point Washington is not really saying anything about the elections, mainly because no one other than Henry Kissinger dares open his mouth; but rumor has it that Giscard d'Estaing will come out on top. Any way it works, the U.S. expects closer French cooperation in NATO and in economic matters. As far as the possible red threat which Mitterrand might be, no one is too worried. In fact, even if Mitterrand should adopt some sort of nationalization policy, "What he would nationalize would undoubtedly deserve to be nationalized."

#### **CANADIAN FORCED LABOR**

May 17 (IPS) — When flooding occurred in Canada's western provinces, welfare recipients were ordered to take flood-fighting jobs at \$3.67 an hour or lose their welfare benefits. The Commissioner of Environment in Winnipeg said that many other civic jobs (snow clearing, street cleaning, etc.) were filled in the past by recipients — under the threat of cutting off their benefits. Commissioner Henderson praised the forced work program saying: "It is designed to encourage people to get off the welfare rolls and we feel it is proving effective" (*Toronto Globe and Mail*).

#### **INSTEAD OF EXPANDED FOOD PRODUCTION... MEATLESS DAYS**

May 17 (IPS) — Harvard nutritionist Jean Mayer recommended yesterday that adults in wealthy countries observe two meatless days a week to increase food supplies for famine-threatened areas.

The meatless days also would serve as a health measure, the nutritionist told a meeting of the UN Children's Fund.