

# Business Briefs

## Public Policy

### Howe demands Thatcher austerity for the U.S.

Sir Geoffrey Howe, British Chancellor of the Exchequer and British Governor at the IMF, demanded in his address to the Toronto IMF conference that the Reagan Administration not abandon the austerity and budget-slashing course its monetarist economics advisers borrowed from British Prime Minister Maggie Thatcher. Howe also demanded worldwide wage cuts, the replacement of the dollar by a multi-currency system including the Special Drawing Rights, and IMF surveillance over not only member nations' exchange rates but all aspects of policymaking. By implication, Mexico's López Portillo, for example, should never have enacted his recent measures without first having obtained IMF approval, which needless to say, would not have been forthcoming.

The London *Times* gave front-page coverage Sept. 8 to the British official's speech, headlining its article, "U.S. Holds Key to World Recovery, says Chancellor."

Howe also emphatically denounced the move to replace the IMF with an international development bank: "From time to time there are calls for new institutions," the central banker intoned with distaste. "What their roles would be, and how they would be defined, is not clear. What is clear, in my view, is that this is not the time for a fundamental reappraisal of a tested institutional structure which has served us, and never more so than at the present juncture."

## World Trade

### Ditchley hosts an elite GATT sounding-session

Overlapping the first days of the IMF conference, a highly elite meeting was held in Oxfordshire, England to discuss the ministerial session of the General Agreement on Tariffs and Trade (GATT) scheduled for November. Attendees included representatives from American Express, Anglo-American mining, Caterpillar, Ciba-Geigy, Nestlé, and Siemens, among others.

The conference was sponsored by the

London-based Trade Policy Research Centre. Ministers or senior officials from Australia, Brazil, the European Commission, France, West Germany, Hong Kong, the United States, Singapore, Sweden and Switzerland were also present.

Prior to the meeting, more confidential sessions of London and U.S. bankers were held. The package of issues under discussion at these events ranged from the financial crisis around Mexico to planning for the November GATT ministerial meeting. "Ditchley was crucial," a New York banking source reported, to ensuring that the GATT ministerial in November is not a waste of time. A prior "unofficial" ministerial exchange of views was deemed necessary, by the attending institutions, to set objectives for the upcoming November meeting. This will be the first GATT ministerial forum to be held in nine years.

## Banking

### Mexico mobilizes, seeks international support

In Mexico, labor and nationalists are now moving to make permanent the nation's new sovereign control over credit and foreign exchange, demanding the bank nationalizations and the new central bank be made a constitutional amendment—thus unalterable by future governments.

The constitution must be amended so that "only the state, from here on out, can carry out public banking services and control the income and usage of foreign exchange" in the country, Senator Silva Hernandez declared in the Mexican congress Sept. 8, a statement echoed by the head of the ruling PRI party, Pedro Ojeda Paullada.

The same day, Mexican Senator Victor Manzailla Schaefer called on the governments and parliaments around the world to now display their solidarity with Mexico, to counter the international campaign that is distorting the nature and intent of the banking nationalization to discredit the government.

Muscle is being put behind the state's action by labor, and in the north of the country. The Labor Congress called a breakfast Sept. 8 to express their support for López Portillo, at which Fidel Velásquez, the head

of the Mexican Labor Federation, called on the labor movement to break the "fascistic pots and pans" middle-class strike destabilization of Mexico. He warned: "We will respond to them as they wish. If they close businesses, we will open them. As we have warned in the past, if they want to play hardball, we will respond in kind. If they provoke us, we will defend ourselves, and defend the interests of the country—which is the important question."

## Mexico

### Beryl Sprinkel doused by the CTM

The Mexican mobilization against the International Monetary Fund has mounted, in response to "ultimatums" delivered to Mexico by the IMF, the BIS, and the U.S. Treasury Undersecretary Sprinkel on Sept. 9.

Fidel Velásquez, the head of the Mexican Confederation of Labor (CTM), which remains the backbone of the PRI, flatly declared that under no conditions could the impositions of the IMF be accepted. The Electrical Workers Union published a large ad in the press calling for the rejection of any conditionalities. An adviser to the Interior Ministry, Edilberto Cervantes Galván, told the press that in his view there is no reason for Mexico to give in to the IMF's demands; Mexico's rejection of the monetary rules of the game is accelerating the imminent bankruptcy of the international financial system. The leftist PSUM issued a statement calling for a "drastic rejection" of the IMF's "draconian measures" as well.

Beryl Sprinkel had threatened that unless Mexico meets IMF conditions—the first being the lifting of the exchange controls—they will not get a penny from anywhere.

## International Credit

### Judge rules collection on dead-regime debt

China must pay up on its 1911 Hukuang Railway gold bonds totalling \$43.3 million, according to a ruling by U.S. District Judge

U. W. Clemons in Birmingham, Alabama.

This unprecedented ruling is expected to encourage the holders of masses of pre-Revolutionary Russian debt, and pre-World War II Eastern European debt to attempt to collect.

In March of this year, Carl Marks & Co., a Wall Street investment firm, filed suit in New York, to collect \$619 million worth of Czarist public and private debt.

Dr. Hubert Park Beck, chairman of the Russian Dollar Bond Holders, claims that if the Chinese government fails to respond to the ruling, "there will be a showdown."

Previous attempts to collect debts from dead regimes have been laughed out of court. The new move appears to be designed to heighten East-West tensions.

## Monetarism

### Mont Pelerin conspires in West Berlin

The Mont Pelerin Society, the cult organization for economic theorists founded by Austrian Friedrich von Hayek, held a semi-secret meeting in West Berlin the weekend of Sept. 4. According to the West German press, the meeting discussed a "revolutionary" approach for creating an upsurge of "right-wing," free-enterprise economic policies in the advanced sector countries.

Mont Pelerin President Professor Chiaki Nishiyama outlined the need for a "revolutionary" approach to economic change in a speech, in which he reported that advocates of a "free order have won an intellectual battle in recent times," but have not yet "won the war." Mont Pelerin members like U.S. Chicago School leader Milton Friedman had achieved great "scientific" success in getting their policies implemented, but this was just the first step.

The United States, England and other advanced countries were conforming to the society's outlook, he reported, by making cutbacks in state expenditures, the size of state bureaucracies, and in giving free rein to private enterprise, but more now must be done. "Radical changes," such as the "rolling back of the state," or imbedding ceilings on state expenditures in constitutions, such as is being pushed in the United States, are desirable "revolutionary devel-

opments" which "involve broad layers of the population," and must be encouraged.

Nishiyama attacked economic planners who push "physical capital and technology" against the vitality of "individual man." Another participant, Italian member Renato Mieli, denounced efforts to achieve full employment.

The Mont Pelerin Society is an ideological and operational conduit for the Geneva-based Fascist ("Malmö") International. Its major achievement has been the creation of Hong Kong "free-enterprise" zones to facilitate international narcotics trafficking. Member Milton Friedman has been chief economic adviser to the governments of Chile, Great Britain, and Israel.

## Western Europe

### Economic crisis pushes aside social democrats

A severe economic crisis in Denmark and new elections in Holland have resulted in important political shifts in those countries, from ruling social democratic governments to conservative coalitions. Both are being read in West Germany, which faces the crucial Hessen elections Sept. 19, as a nod to the Christian Democratic party to make its bid for power.

Following the resignation of social democratic Prime Minister Joergensen in Denmark, who has headed the government for the last ten years, the Queen has asked the President of the conservative party, Poul Schluter, to try to form the next government. It will be the first non-social democratic government in Denmark since World War II. In Holland, although the socialists received more votes than the other parties, the Christian Democrats in alliance with the Liberal party have a six-vote majority in the new parliament, and will be forming a coalition government.

Meanwhile in Greece, plans are being made for a coup against Socialist Party leader and Prime Minister Papandreu. Lord Bethell, speaking on behalf of 60 Tory members of the European parliament, issued a warning to the Greek government that its economic negotiations with the EC would be cut off unless Greece became more politically "cooperative."

● **JAPAN STEEL WORKS** announced Sept. 7 that it had exported \$2 million worth of pipeline valves to the Soviet Union during August, under a contract signed in 1981. Japan Steel denied that the valves were made under a U.S. license, emphasizing that "neither the United States government nor United States firms have filed any complaint with Japan Steel as the company is using its own technology which is not covered by U.S. sanctions policy against the Soviets."

● **POLAND** reached a preliminary agreement with Western creditors on a 95 percent rescheduling of \$2.5 billion of principal owed to banks for 1982. At a meeting in Warsaw this month, final details of the arrangement were ironed out. Signing will be held off until Nov. 10.

● **ALEXANDER HAIG**, the undisputed master of the fractured phrase, and former U.S. Secretary of State, has been appointed to head a newly formed International Advisory Committee of the United Technologies Corporation. The committee will include "world leaders in finance and government affairs," according to the company. UT chairman Harry Gray praised Haig as "a man uniquely qualified to organize and conduct an effort designed for forward-looking assessments of social, political, and economic trends all over the world," a sugar-coated way of saying that UTC will be working heavily on standardization of NATO weaponry designs.

● **OPERATION JUAREZ**, Lyndon LaRouche Jr.'s confidential memorandum to developing-sector governments, which some people say was influential in shaping Mexican President José López Portillo's historic Sept. 1 measures, as well as recent proposals in the rest of Ibero-America for a continental Common Market, is now available from EIR Special Services Director Peter Ennis at \$100 per copy.