Business Briefs

Economic Aid

Reagan, cabinet meet with Mobutu

President Mobutu Sese Sekou of Zaire made an urgent trip to Washington in early December to seek economic relief. He met with President Reagan and most leaders of Reagan's cabinet.

President Mobutu's main target was the IMF and World Bank, whose austerity policies are destroying his country. The IMF, which has been "supervising" the Zaire economy for the last four years, is now extracting 54% of the nation's entire budget for the payment of foreign debt.

Mobutu comes with a mandate from his Central Committee, which earlier this year recommended that Zaire adopt the "Peruvian solution"—limiting debt payments to a fixed percentage of export income.

U.S. senior officials told Mobutu that under Gramm-Rudman constraints, the United States has no new foreign assistance to offer Zaire.

War on Drugs

'Operation Condor' begins in Peru

Augustin Mantilla, Peru's vice minister of the interior, announced on Dec. 9 the beginning of "Operation Condor 5," the latest phase in Peru's war on drugs that began in 1985.

In the first 24 hours of assault on the cocaine paste producing center of Uchiza, 730 kilos of basic paste were seized and three enormous decanting pits were destroyed. Mantilla said, "The operation began Monday [Dec. 8] in the midst of the jungle, especially in Uchiza, and it is expected it will end in the third week of December. I am confident this new attack on narcotics traffic will be successful."

He said that 130 kilos were found on a plane shot down and its two crew members killed. In another raid, 300 kilos of refined cocaine were seized.

On Dec. 4, Mantilla had announced that, in 1987, Peru will run joint operations with its neighbors to erradicate drug trafficking along their common borders. "We have begun a historic battle process along with Colombia and Ecuador, a country which has no experience but is getting prepared. We hope that next year could bring unity with Brazil and Colombia for joint actions, because we already have preliminary agreements."

Mantilla said the U.S. government continues to give economic support for the struggle against drugs and the England is committed to repairing one plane and donating another. During the first quarter, aircraft and valuable logistical equipment will arrive from Canada and Germany.

Austerity

Zambian President cancels price increase

Zambian President Kenneth Kaunda canceled on Dec. 11 the increases in prices for high-grade corn meal, following four days of riots in the northern copperbelt in which at least 11 people died.

According to the London *Times*, "The . . . price rises were dictated, in effect, not by the Zambian government, but by the International Monetary Fund as a condition for extending further loans."

In a televised speech, Kaunda said the price would revert to its previous level immediately, and declared corn milling a strategic industry in which only the government and cooperatives can participate.

He said that the reintroduction of government subsidies on corn meal—the staple diet of Zambia's population—would divert money that Zambia should spend on development of public services. "It means the economy will remain static."

According to the London *Financial Times* on Dec. 12, Kaunda's reversal "calls into question the future of the country's relations with the International Monetary Fund, which has been backing an economic austerity program."

President Kaunda said that the extent of the riot damage is not yet known, but one company, the National Imports and Exports Corp., lost two employees, 21 shops, and property worth $6.5 million. He appealed to law-abiding Zambians to assist security forces as they track down looters and rioters.

Development

Peru's García appeals to industrialists

President Alan García announced on Dec. 3 a plan for coordinating industrial investments to maximize development in his country.

"We have begun a harmonizing process with business so that profits made with the reactivation of 1986 are invested in the areas of interest to national development. For example, food, textiles and in the provinces."

García has held weekly meetings with industrial leaders to work out investment policies. Next year, those of each sector will decide where increased capacity is needed. Income invested in those areas will be tax-free, if some fresh capital equal to 30% of the project is also invested.

Earlier, on Nov. 16, García had told a business convention, "An industrialist is not a speculator. . . . An industrialist is someone who takes risks for himself and for Peru."

Agriculture

'Free Europe needs free farmers'

Two hundred farmers and leaders of farmers' association from Europe, the United States, and Ibero-America gathered in Obernburg, West Germany, for a Schiller Institute Agricultural Commission meeting on Dec. 6 and 7.

The title of the conference, "Free Europe Needs Free Farmers," suggested the direction of the solution: to return to the tradition of independent farmers, and stop the process leading to medieval conditions whereby farmers become serfs of banks or cartels.

Uwe Friesecke and Rosa Tennenbaum of the Schiller Institute in Germany showed that the situation of the German farmer is as bad as his American counterpart's. They concentrated on demonstrating that the world agricultural crisis is a crisis of underproduction.

Fortunato Tirelli, general secretary of the Italian Cattle Breeders Association in Rome, showed that the EC, by forcing farmers to destroy products or kill cattle if they exceed "quotas," has created malnutrition in Italy.

From France, Marc Gaulandeau, brother of the president of the French Agricultural Association, addressed the conference on how Moscow profits from the bankruptcies that EC quotas have caused in France, thanks also to "red billionaire" Doumeng, a friend of Gorbachov and the French Communists, and France's biggest meat distributor, who sells the Soviets butter and meat at dumping prices.

Juan Rebaza, chairman of Peru's state fishing company Pesca Peru and a founder of the Schiller Institute Trade-Union Commission, told of his country's fight against terrorism and drugs.

Debt

Egyptian President puts nation before debt

"The political stability of Egypt is more important than the pretensions of the IMF," Egyptian President Hosni Mubarak declared in an interview with the French daily newspaper *Le Monde* in mid-December.

"What do they want?" he asked. "To provoke riots? Their policy was implemented in Morocco; it provoked riots. The same in Tunisia."

Mubarak also blasted the United States, first on economic policy: "I get furious at those who are aggravating the conditions of my people. If you give me $800 million of economic aid and take from me $600 million to pay the interest on the military debt, what does that really mean?"

The Egyptian President stressed that in the last 12 months, the most important disagreement had been "the confrontation between Egypt and the United States over the *Achille Lauro* affair." On Iran: "I could not believe it when I heard it. This initiative has destroyed the credibility of the U.S., if not worldwide, at least in the Arab world. I have sent messages to Washington to express my views, but obviously in Washington, they have other problems."

European Economy

Economist sees great depression coming

"We are facing the second big crisis. Today in Europe an average unemployment exists similar to that in '29. The European average is 11%. In the '50s and '60s in these same countries, the unemployment average was 2%. In Italy it was 5%," according to economist Franco Modigliani of MIT, speaking at a conference in La Sapienza University of Rome in mid-December. Modigliani enjoys the dubious distinction of having won the Nobel Prize for economics in 1985.

He pointed out the serious consequences that such rates of unemployment have on a nation: "We must consider how much income is jeopardized. An unemployment rate of 10% causes in a country an annual loss of 15-20% of the national income. And it decreases the tax-revenues creating damage to the State. . . . Now in Italy the situation is disastrous: One-third of the people under 25 are unemployed. . . . If the economic growth-rate remains 2.5-3% . . . till 1990 Europe will have to live with 11% unemployment. Only for a short period is such a percentage tolerable."

Modigliani blamed the situation on the United States: "The big fault is that of President Reagan who pushed up the U.S. deficit." Modigliani proposed a moderation of economic requests from workers and employees, concluding with a jab at the trade unions: "To ask, as the Italian trade unions are doing, a 7% wage increase, is not acceptable, and is unjust toward those who have no work."

Briefly

- **WEST GERMANY** will resolve outstanding debt problems with Peru in February, its ambassador in Lima stated on Dec. 7. He said the debt "is not critical and we are trying to achieve some remedy for this situation; I am proud that this is the spirit in which the case is being handled." The ambassador said, "We seek to give all possible help in fighting terrorism and drugs."

- **BOLIVIA** appealed for $300 million from the World Bank to persuade some 70,000 families growing 123,500 acres of coca-leaf to switch to cocoa and coffee, its planning minister Gonzalo Sanchez Lozada told a news conference in Paris on Dec. 4. He estimated Bolivian income from cocaine exports at $1.8 to $2.5 billion annually.

- **MEXICO** has 50 to 100 times the perviously reported number of AIDS cases, Health Minister Guillermo Soberon admitted on Dec. 4. Until the press conference, he had insisted that there are only 249 cases of AIDS in Mexico. Now he admits that for every one of those 249 reported cases there are "between 50 and 100 other people infected."

- **NIGERIAN** oil minister Rilwanu Lukman, OPEC's president, told OPEC's ongoing meeting that "some individuals jubilating at the prospects of prolonged low oil prices and of the collapse of OPEC, are suddenly supporting the idea of an oil import fee to protect the United States oil industry, conveniently ignoring the fact that such a development would be against free trade and the free market which America champions."

- **CHASE MANHATTAN** and Merrill Lynch are both having financial troubles. Chase Manhattan, the bank of the Trilateral Commission's David Rockefeller and Henry Kissinger, is undergoing a "world-wide restructuring and cost reduction effort," according to the *Wall St. Journal-Europe* of Dec. 10. Chase has closed 50 New York City branches.