

Business Briefs

Research and Development

Japan designates 19 'technopolis' centers

The Japanese government has announced that it will submit to the current session of the Diet a plan to create "technopolis" areas in as many as 19 locations throughout the nation.

A technopolis is an industrial center for high-technology research and development and manufacturing. According to the *Japan Economic Daily*, these centers will emphasize semiconductors and biotechnology, among other high-technology areas.

The technopolis plan will be managed by 17 government agencies under the lead of the Ministries of International Trade and Industry, Construction, and Home Affairs. The central government will give top priority to bonds issued to finance the technopolis centers.

Japan thus becomes the first nation to finance new cities to develop new technologies.

Recovery Proposal

Japanese to bring GIF to Williamsburg summit

The Japanese delegation to the May Williamsburg economic summit plans to present the Global Infrastructure Fund (GIF) plan drawn up by Mitsubishi Research Institute founder Masaki Makajima for discussion as a solution to the current international economic crisis, according to Kyodo press service.

Government sources said March 17 that the current world crisis rivals the Great Depression of the 1930s, and major investments are necessary to get the world economy moving.

The Japanese government, which calls the plan an international "New Deal," is also working on plans for raising the necessary funds from the leading industrial nations to finance the proposed projects. One plan, to

divert military funds saved by arms reduction, the Japanese acknowledge to have little chance for success, but their other proposal is to raise the contributions each advanced-sector nation makes to official development aid, to finance feasibility studies for the various proposed infrastructure projects. Once the projects were begun, capital could be raised from private investors in various parts of the world.

If the leaders at the Williamsburg summit agree to go ahead with the plan, Japan will hold an international forum of experts to discuss details later this year.

The GIF plan, which was featured by *EIR* Feb. 23, 1982, calls for projects including a second Panama Canal, a huge artificial lake in central Africa, reforestation of the world's deserts, and hydroelectric projects in the Himalayas.

Oil

Saudis expect \$18-\$20 price in late 1980s?

Saudi Arabia's fourth five year plan, for 1985-90, is based on the assumption of an \$18-\$20 per barrel oil price during those years, *Platt's Oilgram* reported March 15.

Saudi Planning Undersecretary Hussein Sejini told the Mecca daily *al-Nadwa* that revenue estimates were based on production of 5 million barrels per day at a price between \$18 and \$20.

Sejini said that maintenance and operation of existing programs would receive special attention, implying there would be a reduction in the industrial projects under construction.

Because Saudi production fell to 3 million barrels per day before the recent price reductions were announced, the Saudis have begun to "stretch out" the construction of existing projects, and have allowed the projected Saudi-Dow Chemical refinery to fall through.

Aramco, the consortium of four U.S. oil majors and the Saudi government, has announced a 15 percent across-the-board cut-back in personnel while Parsons Engineering Company, a major contractor in Saudi

Arabia, has begun to recall workers from the peninsula.

It is reported that the Philippines government has sent officials to Saudi Arabia to arrange the return of Philippine nationals who are laid off in Saudi Arabia.

Banking

Jake Butcher fingered by American Express?

American Express influenced banking authorities to shut down United American Bank of Memphis, Tennessee, *EIR's* sources assert.

In January, American Express merged with the private banking fortune of Genevan billionaire Edmund Safra. In mid-February, United American was shut down and sold off to another bank holding company by the Federal Deposit Insurance Corporation, on the grounds of large unreported loan losses.

The intelligence sources report that Safra wanted United American's former chairman Jake Butcher out of business because of his ties to former U.S. Comptroller of the Currency Bert Lance. Lance forms part of a group of U.S. southern financial interests which have developed far-ranging financial ties to the Middle East. Much of Safra's fortune is based on financial links to the Middle East.

Credibility is lent to the report by the presence on the Amex board of a leading officer of the Anti-Defamation League of B'nai B'rith, Wall Street lawyer Kenneth Bialkin.

Over the past year, Bialkin has intensively lobbied in Washington in behalf of ADL policies for Israel. Simultaneously, Bialkin has masterminded other stock raids on Southwestern corporations which represent independent financial sources for the Democratic Party in that region.

Hearings on the FDIC shutdown of United American were held in mid-March in the House Commerce Subcommittee.

The hearings focused on the regulatory procedures used to monitor U.S. banking practices.

During the hearings, FDIC chairman

Briefly

William Isaac proposed the FDIC should cease insuring banking deposits over \$100,000. This would help to keep bankers honest, Isaac stated, since depositors would exert more pressure on their bankers to protect their funds.

Third World Debt

Argentine military demands IMF abrogation

Led by the Air Force, the Argentine military junta has demanded that the nation's central bank abandon the recently imposed International Monetary Fund (IMF) conditionalities and lower the nation's interest rate. Argentine central bank policies have pushed the domestic interest rate up to 200 percent annually.

A list of economic objectives, including lower public utility rates, export stimulation, and both lower interest rates and a preferential rate for industries that adhere to government price guidelines was announced at the junta's regular Thursday meeting March 10.

The re-emergence of the junta taking control of economic affairs reflects the relatively stronger position within the junta of the Air Force and sections of the Army who see IMF conditionalities crushing the nation's industry.

The directors of the central bank have reportedly been forced to meet in their homes rather than in their offices in fear of the junta.

Central bank president González del Solar, a strong advocate of the IMF conditionalities, is said to have offered his resignation to the military.

Foreign Exchange

Counterfeit Nigerian currency in circulation

Huge amounts of counterfeit Nigerian currency are now being circulated in New York and other locations, according to high-level sources.

Otherwise legitimate money changing

institutions are selling the niara at between 78 and 90 cents to the dollar. The official exchange rate is \$1.40. The niara being sold at the low rate are almost certainly counterfeit, the sources stated.

The volume of counterfeit currency now circulating is causing serious problems for Nigeria, weakening the official exchange rate and forcing up domestic inflation. Other African nations faced with the same problem have evidence that the counterfeiting is being done in Hong Kong.

EIR wants readers to know that any attempt to use niara in Nigeria purchased at the 78 to 90 cents rate could have serious consequences.

International Finance

Rumors mount of Brazilian debt crisis

"We can't come up with the money to finance Brazil now," the head of the Latin American division of a big West Coast bank said March 15. "This means they are at the wall, and it seems hard to see how a debt moratorium will be avoided now."

Although the Brazilians are not yet in default, the Fed reports "talk of arrears on private accounts . . . of less than \$1 billion as of March 17. According to one large Japanese bank, Brazil has paid no interest on debt since March 1. Brazil has also gone into arrears on service payments not related to debt.

In addition, the collapse of Brazil's currency under International Monetary Fund orders has sparked a major flight of capital. The volume of the capital flight in the past few months is estimated at \$8 to \$12 billion by the London *Guardian*. A top Fed official confirmed that "those numbers are not too far out of line," while insisting "there is no difference between capital flight and capital outflow."

It is impossible to tell the actual state of Brazil's finances, "because one cannot distinguish between current and capital accounts," the Fed official went on. Brazil has borrowed up to \$16 billion in short-term funds, mostly loans to Brazilian banks, during the past six months.

● **JOHN DINGELL** (D-Mich.), chairman of the House Committee on Energy and Finance, and Rep. Sam Gibbons (D-Fla.), chairman of the Trade Subcommittee of the Ways and Means Committee, will lead missions to Japan to study bilateral trade problems at the end of March, according to Kyodo press service. The Gibbons mission will visit Japan's "silicon island" of Kyushu to see semiconductor and other high-technology industries there. The Dingell mission, which will also visit China, will include Rep. Richard Ottinger (D-N.Y.), the sponsor of the "domestic content" bill requiring automakers to use U.S.-made parts.

● **THE COMMERCE** Department has revealed that the United States is losing its share in the world market for advanced-technology industries. The U.S. industries share in the world market shrank from 28 to 24 percent. In 10 high-technology categories, the United States has expanded its share only in the agricultural chemistry field in the past 17 years. Japan has taken the lead in such fields as pharmaceuticals, robotics, and bioengineering, according to JIJI press service.

● **THE NUMBER** of U.S. rural poor has increased since 1979, from 26 million to 32 million in 1981, after remaining stable at 26 million during the 1970s. The official poverty threshold for then was \$8,450 annual income for a family of four, says *USDA Farmline*.

● **JAPAN's** nine electric power companies announced the site chosen for the first Japanese-designed nuclear power plant March 17. To be completed in 1994, the 600,000-kilowatt plant will use recycled plutonium as fuel in a design known as the advanced thermal converter reactor (ATR). A prototype 165,000 kilowatt ATR has been operated since 1979, according to the *Japan Economic Daily*.