

Business Briefs

Ibero-America

Herrera attacks IMF, calls for regional unity

Venezuela's President Herrera Campins delivered his last address to the national Congress on Jan. 27 as Venezuela prepared to inaugurate its new President, Jaime Lusinchi, Feb. 2. Herrera Campins dedicated his last few months in office to prompting his successor with constant attacks against the International Monetary Fund (IMF) while calling for Latin American unity.

In his farewell speech, he said: "I have refused over and over again to compromise the future of the nation. This explains our position vis-à-vis the IMF and the reason why we have not reached a happy result in the renegotiation of the debt."

Campins said that the nations of the region should meet to strengthen their position around five points: 1) a refusal to commit all export income to debt repayment; 2) a battle to lower interest rates which the banks had increased arbitrarily; 3) a demand for longer terms and longer grace periods; 4) an increase in new credits for the recovery of economic and financial processes; 5) industrial-nation purchase of debtors' products, to strengthen debtors' incomes.

During the inauguration, a mini-summit of Latin American heads of state will take place, including the presidents of Colombia, Bolivia, Costa Rica, Dominican Republic, Panama, Argentina, and Ecuador. George Shultz will represent the United States, and Mexican labor leader Fidel Velázquez will also be there.

Steel Industry

U.S.-National merger part of cartel plan

U.S. Steel, the company that claims over a \$1 billion loss in 1983 and which is shutting down a quarter of its steel-making capacity due to "unprofitability" is paying \$1.16 bil-

lion for acquisition of National Steel. U.S. Steel is paying \$350 million in cash, the rest in stocks and debt assumption. Three years ago U.S. Steel paid \$6 billion to acquire Marathon Oil, of which \$3 billion was delivered in cash.

The merger of the Morgan-Mellon-Hanna National Steel Company with the Morgan's U.S. Steel gives the merged company a large capacity to produce flat-rolled and other consumer goods steels. Since a Justice Department protest to the merger on anti-trust grounds is anticipated, U.S. Steel is expected to attempt to sell or close down additional facilities to meet Justice Department guidelines.

This merger, together with the Jones & Laughlin and Republic merger last September, is part of a plan first announced by the Carter administration in 1980 to cartelize the industry fully and reduce steel output by at least 50%.

Drug Trade

Italians expose role of KGB and Swiss banks

Giovanni Falcone, an Italian magistrate, has stated that "countries like Switzerland cannot be considered in the front lines fighting drugs when huge sums are deposited in Swiss banks. [These funds] come from recycling operations in the Caribbean, in the Bahamas and Bermuda. It is enough to use a simple telex." Falcone made his assertion in a speech to the Rotary Club of Palermo, Sicily, the last week of January.

Falcone, the magistrate most feared by the mafia, called the drug problem "the scourge of our times," and expressed his appreciation of the efforts of the Reagan administration in fighting drugs—especially as compared to Swiss policy.

Falcone reported that he had discovered during his trip in Thailand last summer that most of the heroin that is transported to the United States from Sicily comes from the border areas of Thailand. About 30 "mobile

heroin refineries" are run by the communist guerrillas in the jungle at the Thail border.

These "mobile refineries" can be moved from place to place in a matter of minutes. Falcone said that the guerrillas are paid with heroin and that the Sicilian mafia gangs—prominent in separatist and subversive operations in Italy—finance themselves with the heroin trade.

International sources report that the KGB controls the communist guerrilla insurgents against Thailand.

Recently, parliamentary interior committee member Intini, who is also editor of the Socialist Party paper *Avanti*, stated that "organized crime, the mafia and terrorism are linked to Eastern secret services. . . . In London everybody knows that the KGB pays in heroin." Intini also called for investigation of the recycling of dirty money by the banks.

In collaboration with the U.S. Drug Enforcement Administration, the Italian magistrates have discovered the killers of Judges Chinnici and Montalto, and they are arresting untouchable members of families such as Greco, Spatola, Inzerillo, and Bono, as well as of the Bonanno and Gambino families, considered the heads of the American Cosa Nostra. These same families were involved in the casino operations that were exposed by Italian magistrates last November. Swiss banks were used to recycle dirty money, and as the depository for the mafia.

West Asia

Soviets use military to force economic deals

The Soviet Union is working out the details of important energy deals with Pakistan following a visit to Moscow by Pakistani Foreign Minister Sahab Yauub Khan at the end of 1983. These arrangements would make Pakistan increasingly energy-dependent on the U.S.S.R.

But on Jan. 28, Soviet pilots flying planes with Afghan markings bombed villages in

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Pakistan 700 yards inside the Pakistani border, killing an estimated 40 to 100 civilians.

The Soviets have a parallel approach to NATO member Turkey. Although Soviet pressure on Turkey has been a "low-intensity" array of terrorist deployments and threats delivered through relevant diplomatic channels, it was great enough to induce the Ozal regime to declare in late 1983 that it would not station U.S. cruise or Pershing missiles on Turkish soil.

On Jan. 20 the official East German daily *Neues Deutschland* reported that the Turks had upgraded their involvement in discussions about creating a "nuclear-free zone" in the Balkan Peninsula, from "observer" status to full participation when the Balkan talks resume in Athens Feb. 13.

But at the same time Turkish-Soviet economic cooperation has been picking up. The *Financial Times* of London reported Jan. 30 that Ekrem Pakdemirli, Turkish undersecretary for the Treasury and Foreign Trade, just returned to Ankara, Turkey, after having led a 70-man delegation to Moscow to arrange for Turkish purchases of natural gas from the U.S.S.R. through a pipeline that would link Turkey to both the U.S.S.R. and Bulgaria. Turkey is also arranging to increase purchases of electricity from the Soviets.

Turkish Prime Minister Ozal, an International Monetary Fund-linked monetarist with Islamic fundamentalist connections, has announced that he will soon go to Iran to consolidate bilateral trade deals, as part of reactivating the regional-economic component of the defunct CENTO organization.

World Trade

Olmer request startles Japanese

Lionel Olmer, U.S. Undersecretary of Commerce for International Trade, made a surprise request of Ministry of International Trade and Industry (MITI) head Hikosabur Okonogi when making a courtesy call in

mid-January. Olmer asked that MITI allow U.S. government officials and business leaders to participate in the Industrial Structure Council, MITI's most important industrial policy panel.

Olmer has consistently been a harsh critic of Japanese industrial policy and exports to the West.

MITI officials "seemed at a loss what to do about the request" according to JJI press. It was denied by Minister Okonogi on the grounds that council membership was limited to part-time government officials. It was assessed that Olmer made the request because of the U.S. administration's "strong wish" to get as accurate information on Japanese industrial policies as soon as possible.

Development Policy

Alegrett insists on commonality of interests

An exchange between a number of Mexican officials and Sebastian Alegrett, the new president of the Latin American Economic System (SELA) at the early February meeting on "Mexico and the International Crisis" sponsored jointly by the Foreign Relations Ministry of Mexico and the National University typified the discussions going on in Ibero-America in the aftermath of the Latin America Economic Conference held in Quito, Ecuador in January. Many of the Mexican representatives present called for decoupling Ibero-America from the United States, but Alegrett insisted that now more than ever a commonality of interests between the United States and Latin America had to be pursued.

One spokesman argued that "this is the moment not to fear a break in relations between the United States and the rest of the continent. The integration of our continent must embrace autarchy." Alegrett responded that for historical reasons, the solution to the continent's development problems lay precisely in an improvement of U.S.-Latin American relations.

● **MUAMMAR QADDAFI** has demanded reparations from Italy for the damages of colonialism, according to a Libyan press release, while his shock troops continue to attack the NATO Euromissile installations at Comiso, Sicily.

● **COUNT ÉTIENNE Davignon**, the architect of the policy of shrinking U.S. and European steel output, meets in early February with Italian Prime Minister Bettino Craxi on steel questions. Will they also discuss "decoupling" Europe from the United States?

● **DUN & BRADSTREET's** Business Failure Record closed out 1983 with a tally of 31,334 bankruptcies, up 23.6% over 1982's 25,346. In 1979, before the Volcker depression began, bankruptcies totalled only 7,564. Dun & Bradstreet, in addition to its Business Failure Record, has announced publication of a record of voluntary business closings, not previously counted in the Failure Record.

● **CENTRAL AMERICAN** businessmen met in a closed-door session at the Princeton Club in New York City Feb. 4 to discuss how to carry out economic proposals of the Kissinger Commission report, which would turn Central America into a "free enterprise zone." The meeting was arranged at the behest of David Rockefeller and Henry Kissinger.

● **JAPAN** has informally designated nine cities as preliminary candidates for "Technopolis" sites. Under the Technopolis plan, the Ministry of International Trade and Industry will build and rebuild cities around high-technology industrial projects throughout the country. The sites will be confirmed by mid-February.