editorial

Economic intervention

A short article in this week's Time magazine hints at the possibility of a financial crisis involving invested capital in third world countries.

Time reports that a consortium of banks has insisted on strict conditions for repayment of a new $250 million loan to the copper-rich nation of Zaire. These conditions amount to partial control of Zaire's economy by the creditor banks and supervision of the economy by International Monetary Fund economists.

Zaire has been asked to submit to these conditions because the banks are having trouble collecting on previous debts. Time reports Zaire owes nearly $3 billion, a third of it to private banks in the U.S., Europe and Japan.

Zaire's credit problems are common to many third world countries. An estimated $150 billion has been advanced to developing nations either in the form of loans from the Western financial community or in the form of government aid programs with repayment provisions.

The debtor nations are invariably resource-rich and have relatively stable governments. For the past 25 years they have been considered the world's best credit risks. When commodity prices began to soar in the late 60's, the flow of capital to commodity producing nations increased accordingly. Mexico, Indonesia, Brazil and South Korea, to name a few, are all in hock to European, U.S. and Japanese banks and governments for billions of dollars.

These massive investments were made with confidence that they would stimulate industrial growth and resource exploitation, thus leading to increased exports and a favorable balance of trade. When the value of exports exceeded the value of imports it was assumed that the creditor nations would be able to accumulate the necessary capital to pay off their debts.

Instead, many third world borrowers are on the brink of default. Economic growth has not proceeded quite as expected, and many countries can barely afford to roll over the interest on their loans, much less begin to pay off the principle.

Many of the largest banks in the world have significant portions of their assets invested in third world countries, in some cases up to 20 per cent. A series of defaults in the third world could have severe consequences for the world's largest private credit institutions and therefore some of the world's most powerful governments.

Under these circumstances the creditors have three options. The first is declare a debt moratorium (a temporary suspension of loan payments) for those nations in danger of default. The banks have ruled this option out because of the effects such a move would have on their cash flow situation. If the banks won't grant a debt moratorium to New York City, they're not likely to grant one to Peru.

The second option is for the banks to get their governments to assume their collection problems. This would probably take the form of foreign aid, but the money would only pass through the hands of the creditor nations and go directly to the banks. In effect, taxpayers in the U.S., Europe and Japan would be asked to foot the bill for the many ill-advised, extravagant loans the banks have made to third world countries.

The last option, the one apparently chosen for Zaire, is the least attractive. The banks offer to step in and manage the country's economy in such a way as to protect their interests. The debtor nations can hardly object; they are dependent on a continued supply of foreign capital for economic stability.

This is imperialism, pure and simple. Imagine the reaction there would be in this country if the Arab nations insisted on developing an energy policy for the U.S. This kind of intervention is reminiscent of the 19th century, when the imperialist powers collected import duties for the government of China.

What has happened in the third world is that banks extended credit beyond their willingness to assume the risks. Now when their gambles appear in danger of not paying off, they are ready to resort to outright intervention. Such intervention is bound to arouse opposition in the third world, opposition that could result in total repudiation of foreign debts.

It would be in the interest of the banks to consider the political implications of highly visible economic intervention. A more practical approach would be for the banks to accept the consequences of having made mistakes in their investment policies. They should grant a debt moratorium to those nations in danger of default and allow them to get back on their feet on their own.

Letters

Count the ballots

Upon returning from several days in the east, I was amused to read the letter in the ODE from Professor Dizney of the OSEA complaining about my estimate of the faculty vote for bargaining agent on the second part of our election ballot.

If faculty and students do not know by now, this complaint comes from the very person who refused to allow an unofficial count of the agent vote.

In both elections so far in which collective bargaining was defeated, unofficial counts of the agent vote were made.

At our election tally, the ERB agent running the show offered to make an unofficial count; the UO administration agreed, the AAUP agreed, and I as AFT representative agreed. Only Professor Dizney refused. This should be properly interpreted as another example of the self-serving nature of the OSEA and its unsuitability as a representative of this faculty.

The abysmal showing of OSEA in the voting cannot be concealed. But only Professor Dizney stands between the truth and my estimate that about 80 per cent of the "yes" vote for collective bargaining went for AFT. I certainly would be interested in comparing my estimate with the actual count.

Nathaniel Teich, English
President, AFT Local 3209

Krishna tricksters

The other day I was walking into the U of O Bookstore when I was stopped by a girl who said "Hello, how are you?, Would you like a flower?, Just let me pin it on you." Then she proceeded to tell me how she was asking people for donations to buy textbooks for the needy, suffering people of the world. So I asked her what organization was helping the suffering people with textbooks. She said they taught the people from these textbooks and that these textbooks cost three dollars each so didn't I have any extra change I could give to the cause?

Sure, I said, but what organization is it that does this? She never told me but I gave her a dollar and she handed me a magazine.

When I went into the bookstore I inspected the magazine only to find out I had given a dollar to the Hare Krishna cause.

That made me mad. If she had told me the organization I was giving to was Hare Krishna I would not have given her a cent. I only know about Hare Krishna from the news; "60 Minutes" did a bit on them and there was an article on a Krishna leader going on trial for brainwashing.

I feel I have been taken advantage of because she told me it was a donation for textbooks for needy people when it was really a donation for the propagation of the Hare Krishna cause. I just hope the money doesn't go towards making those textbooks that a Hare Krishna tried to sell me for eight dollars in O'Hare Airport at Chicago last year. Anyway, if you ask me, it should be mandatory for peddlers who are asking for donations to wear a button or sign stating the organization they are representing.

Kent Kullby
Freshman, Undeclared

Ban Gallo ads

Enough is enough. I can no longer silently accept the Emerald's refusal to ban Gallo wine ads. The UFW has been struggling with Gallo for years and has paid a large toll in lost jobs and lives. Union members have waged a gallant battle against a large corporation and have always found nationwide support on university campuses. To allow Gallo onto campuses now, especially such a "progressive" one as the U of O is so proud to be, shows where our social consciousness is headed these days — the dump.

Do we no longer care about the exploitation of those in a lower socio-economic level than our own? Do university students no longer commit themselves to the advancement of society? The late sixties and early seventies may have been violent times, but people were dedicating themselves to social reform — now we seem dedicated more to financial success instead of positive social advancement.

A few years ago Gallo could not have done what they what they are now doing. Too many people are grossly ignorant of the farmworkers plight. Just because the media tells us that the era of social awakening is now considered over does not mean that it truly is. We cannot allow the advances made in the past to fall just because "the times are no longer right." We must awaken to the ideal that the quality of life is more important than the quantity.

As long as society oppresses those who constitute its base we will all suffer. Gallo is just one example of continued oppression by race and class in society. Until the farmworkers are allowed to choose which union they want to represent them in free elections, our continued support of Gallo by purchasing their ads and wine makes us as guilty for the farmworker oppression as the bosses. Universities have been a stronghold of UFW support for too long for us to fail them now. Viva La Rasa!

Bruce Amsbary
Junior, Psychology

opinion

Apartheid: slavery in South Africa

The recent upsurge in the struggle of the South African people against the racist and fascist settler state has once again exposed the lies by the South African regime and its apologists that everything is well and good in that country. The purpose of this short article is to clarify some questions and encourage all democratic, progressive people to investigate further in order to lend full and deserved support to the just struggle of the South African people against racism, fascism, colonialism and imperialism.

The first Europeans came to South Africa in the 1600s. There were no pretentions about their aim — to secure economic domination of that part of Africa. As the settlers expanded their domain from the coastal areas to the interior they came in sharp contradiction and conflict with the African Nations (Zulu, Xhosa, Ndebele, etc.) that had been in existence in the area for a long time. Despite the superior weapons and the backing of the various imperial nations of the time, the emerging settler state could not overcome the resistence of the African people until the early 20th century.

In subjugating the African people, the settler government instituted, from the beginning, a series of rascist laws and regulations that excluded Africans from any social, political or economic control over their country. Apartheid which the African lives under starts from the premise that state power must remain in the control of the whites. To maintain this, all other people must be separated from whites except where they are needed for their labor. The South African fascist state recognizes four main racial groups: Africans (72 per cent of the population); Coloreds (of racially mixed decent, 9 per cent); Asians (1 per cent) and Whites (18 per cent). The entire country is divided into the "reserves" or "Bantustans" for Africans and the "white areas." Even though the Africans constitute 72 per cent of the population, they are allocated only 13 per cent of the land. The reserves act as a source of cheap African labor because the reserve land is not fit for agriculture and there exists other sources of employment. Thus, most Africans are forced to seek employment in the white areas where they are considered "immigrants" and must have an official permit to stay. They can be evicted, resettled or ordered to move at any time.

The fascist South African government is not acting alone in its brutal subjugation of the African masses. The existence of the many strategic minerals and the availability of cheap African labor is the real reason for $7 billion dollar investment by western corporations. According to a 1968 U.N. figure, U.S. investment in the apartheid regime was over a billion dollars. The rate of return on investments in South Africa ranges from 12 per cent to 30 per cent, the highest in the world, due to the slave labor of the Africans. This is what keeps the wheels of "free enterprise" going. This is why the western imperialist powers are the main defenders of South Africa.

The recent uprisings in Soweto and other African townships has shaken the very foundations of South African society. This has forced the regime and its western allies to come up with sham schemes such as "dialogue," "detente," etc. The oppressors and exploiters don't believe in non-violence, they sweet talk like this while sharpening their swords; their talk is nothing but a set-up for ambush. This is the worth of the work of such notorious apologists of imperialism as Kissinger, and such is the worth of his shuttle diplomacy.

Submitted by
African Support Committee