

Business Briefs

Domestic Credit

Federal mortgage lid lifted

Congress has removed federal control of interest rates on Federal Housing Administration insured mortgages, ending a practice begun 50 years ago. Until the legislation was pushed through in the last hours before Congress adjourned, FHA had set a ceiling on interest rates above which it will not insure mortgages.

The new rules will raise FHA insured mortgage rates to the "market rate," currently about 13½ percent, or 1 percent higher than present FHA rates. The change was favored by the mortgage industry and by the National Association of Realtors, but the Homebuilders Association was reported "not happy" about the prospects.

The legislation also puts new burdens on FHA mortgage takers by allowing "adjustable rate mortgages" to be insured by FHA. Interest rates on these mortgages rise and fall with the market, increasing the interest rates of mortgages as general interest rates rise.

Black Economy

Kissinger connection exposed in Spanish media

The Spanish connection of Kissinger Associates' vast international dirty-money operations was exposed in the Oct. 31 issue of the weekly *Actual*. *Actual* quoted from the *EIR* exposé of the fugitive oil trader and Kissinger business partner Marc Rich in its article titled "Perez-Llorca: Legal Treason?" The article describes the illegal operations of Jose Pederó Perez-Llorca, a former Spanish foreign minister who is currently employed by Kissinger Associates. Perez-Llorca's foreign ministry intervened to grant Rich Spanish citizenship in July 1982. Rich is presently hiding in Madrid.

Actual states, "Marc Rich, a Belgian emigrant to the U.S. . . . today sought by U.S. authorities for the biggest financial

fraud in history—\$48 million dollars—was identified by *Executive Intelligence Review*, an insiders' magazine of confidential character, as connected to Kissinger Associates in a dark operation involving the purchasing of Iranian oil while American hostages were being held in Teheran—an offense which is punishable under the Trading with the Enemy statutes."

In another article, in the Catholic Church-linked daily *Ya* on Nov. 2, former minister of information Ricardo de la Cierva implicates Henry Kissinger in the assassination of Admiral Carrero Blanco in 1973. In his weekly "Fifth Column" in *Ya*, in an article titled, "Arms, Drugs, ETA, and Carrero Blanco," de la Cierva describes how "Henry Kissinger watched with incredulity while the admiral, with absolute certainty, explained to him the Soviet strategy for corrupting the West. . . . Two days later the admiral died in a criminal assault by a secret commando unit. . . . The investigation was derailed by communist propaganda. . . . I suspect that one of the persons who today could shed light, albeit a black light, on such a historical problem is precisely Dr. Kissinger, and I suspect he will never do it."

War Mobilization

Soviets building strategic grain reserve?

Diverging from the current "conventional wisdom" circulating in Washington, at least one analyst of the recent Soviet grain purchases is convinced that Moscow is building an enormous grain bank in reserve for war conditions. M. S. Bernstam of Hoover Institution told *EIR* Dec. 8 that, since the "Great Grain Robbery of 1972," Moscow has diverted large amounts of food, including U.S. grain, into strategic stockpiles.

According to Bernstam, who is disputing the views of the U.S. Department of Agriculture and the CIA, the Russians have stored 94 million metric tons of grain in these strategic stockpiles. Moscow uses irradiation methods to insure the grain against spoilage for long periods, a method of food preservation to date banned in the United States.

In addition, Bernstam maintains, the Russians have an additional 120 million metric tons of grain elevator storage capacity. Their strategic storage program began in the early 1970s, and was accelerated after 1976 with the construction of complete new grain elevators.

Sources contacted by *EIR* at USDA and the CIA admitted that no figures on Soviet grain reserves have been available since 1980, when Moscow ceased publishing official crop figures. In 1982-83, according to official USDA estimates (no exact figures are available because of the secrecy under which the international grain trade is conducted), Russia imported 32.5 million metric tons of grain from the West. Six months ago, the State Department lifted the restrictions on grain sales to Moscow imposed during the height of the Polish unrest. Moscow successfully won an unprecedented "sanctity of contract" clause from Washington, which established that for the five years, the United States cannot refuse to sell grain to Russia unless there is a declaration of war or emergency.

East Bloc

Pro-debtors' cartel minister purged

As the militarization of Poland was stepped up over the first week of December, purges of Polish government officials that began with the Central Committee plenum Nov. 18-19 continue. The visit of Soviet KGB head Viktor Chebrikov to Poland Nov. 25 promoted the dismissal of Vladislav Jablonski, deputy chief of the Planning Commission.

Jablonski's ousting was preceded by the firing of Deputy Prime Minister and Chairman of the Planning Commission Janusz Obodowski on the second day of the Central Committee plenum. Obodowski is noted for calling on Poland in a statement Dec. 24, 1982 to make "a joint policy" with other indebted nations—particularly those of Ibero-America—to prevent an international financial collapse. At a Jan. 26 Planning Commission meeting, Poland had to

Briefly

● **JAPAN AND ASEAN** concluded ministerial-level talks on science and technology transfers the first week of December. The ASEAN countries (Singapore, Malaysia, Indonesia, Thailand, Philippines) had been issuing criticisms of Japan for its refusal to share advanced technology. Japan has taken steps to meet demands of the ASEAN nations for stepped-up technology transfers.

● **VIETNAM** and Japan have increased two-way trade by 40 percent since the beginning of 1983. Recently, Japan offered Vietnam a major loan to cover damage caused by a series of typhoons. Japanese Foreign Minister Shintaro Abe announced Dec. 6 that, for the first time in two years, a delegation would travel to Hanoi in mid-December as "part of Japan's efforts to maintain dialogue with Hanoi so as to create a more favorable climate for restoration of peace in the area."

● **THE IMF** dealt the new Grenadian government a hard blow the first week of December by suspending the \$14 million extended credit facility it had been granted in 1981. The agreement had been signed by then-finance minister Bernard Coard. Although the IMF gave no reason for its decision, apparently the decision was made that Grenada was not meeting the conditionalities imposed on it in 1981.

● **RAUL ALFONSIN**, incoming president of Argentina, has announced that he will organize the National Atomic Energy Commission (CNEA) and place it under the control of his foreign minister, Socialist International operative Dante Caputo. Under the guise of ensuring that the program functions "for peaceful purposes only," this move could mean the destruction of the most advanced nuclear program in Ibero-America (see *EIR*, Dec. 6). The new government is apparently trying to use the pledge of undercutting the nuclear energy program to extract a promise from the United States to pressure Great Britain to resolve the Malvinas Islands dispute.

take steps to further tighten its economic cooperation with the Soviet Union and other nations of the East bloc, because it was being forced to pay cash for almost all imports from the West. But at the same time the Commission looked at "how to activate Poland's trade relations with Third World countries."

Western Europe

EC collapse looms as summit ends in chaos

After two days of talks, the Athens summit of the heads of state of the European Community (EC) broke up Dec. 6 without resolving any of the immediate crises it faces: a \$2 to \$4 billion deficit in the budget of the EC's agriculture program, the Common Agricultural Policy (CAP), how much each of the 10 member nations must contribute to the budget, and the threat of intensified trade warfare among the member nations.

Greek Premier Andreas Papandreou, acting president of the EC and host of the chaotic Athens summit, assessed the situation: "If this crisis remains unresolved, the EC will break apart within the next six months."

Disintegration of the EC would have disastrous effects on the highly trade-dependent Western European economies. If the price support system of the CAP collapses, Italian farmers will oppose agricultural imports from France and Germany which could undercut their prices. Workers in the export-dependent German steel industry, already facing massive layoffs, will fight steel imports from abroad. France, one of West Germany's primary markets, could well move to halt German imports. The British fishing industry could attempt to seal off the Atlantic from competitors, as it did during the "cod wars" with Denmark and Iceland last year. Most of Western Europe will be thrown into a severe financial crisis, because most nations' deficits have been covered by West German payments.

Both Italian Foreign Minister Giulio Andreotti and British Prime Minister Margaret Thatcher contributed to the collapse of

the EC talks. Andreotti announced that he welcomed the failure of the Common Agricultural Policy, and Thatcher insisted that Britain should not have to contribute to the EC's common budget. The West German government insisted on a policy of harsh austerity measures for Western Europe.

Ibero-America

IMF imposes birth control on Brazil

EIR has learned of the secret conditionalities included in Brazil's recent new agreement with the IMF and the banks.

The agreement calls for population control, further wage cuts for state employees, and 25 percent cuts in state investment budgets for 1984.

Brazilian Armed Forces Chief of Staff General Waldyr Vasconcelos announced Dec. 2 that he will soon ask President João Figueiredo to create a "Special Secretariat for Family Planning." As the Rio daily *O Globo* noted on Dec. 7, the decision by the military's planning body to reduce population growth "replaces the theory that a growing demographic mass is of strategic value in occupying and defending the national territory." President Figueiredo yielded to the international population lobby in March, days after the first agreements with the banks and the IMF were signed, but until now, the military has resisted these conditions.

Vasconcelos' announcement follows an intensive media barrage sponsored by the World Wildlife Federation, among others, on the theme that Brazil's misery is increasingly caused by its being overpopulated, rather than by the IMF and the looters.

Signs of resistance are coming from the Catholic Church and from military nationalists who are on the political frontline against the IMF. Rio de Janeiro's Cardinal Eugenio Sales returned the fire to the IMF looters in a Dec. 2 declaration, "Looking at Brazil, one can see the mouths they want to suppress through artificial and thus anti-natural birth control are immensely less pernicious to the national good than the insatiability of those who want to defraud the national patrimony."