

# Business Briefs

## ***The Arms Trade***

### **Papandreou, Qaddafi in weapons-for-oil deal**

Greek Prime Minister Andreas Papandreou made an official state visit to Tripoli Sept. 22-23 to arrange an oil-for-weapons deal with Muammar Qaddafi's regime. Under the terms of the deal, Libya, which already supplies 12% of Greece's oil, will increase its oil exports to Greece, in exchange for Greek weapons.

The deal also gives Greece a major role in the repair of Libya's small commercial and military fleet, a task which Greece will share with East Germany, which built the Libyan fleet, including its submarines.

## ***The Debt Bomb***

### **Argentine-IMF accord is 'unworkable'**

Argentine President Raul Alfonsín concluded a new austerity agreement with the International Monetary Fund in Washington, D.C. on Sept. 25, but analysts agree that the accord is "unworkable," and the agreement has not been signed. It is supposed to allow Argentina to draw a total of \$1.6 billion from the Fund, if it can convince commercial banks to lend an additional \$3-5 billion. In return, Argentina has to impose an "economic adjustment program" consisting of spending cuts, tax increases, and wage and price controls.

The *Wall Street Journal* on Sept. 27 quoted an unnamed senior Argentine official saying, "We will be out of compliance with the IMF program in three months. There's no way it can succeed. The economy's out of control and no political groundwork has been laid to prepare the Argentine people for what's needed to correct it. And worst of all, I think Alfonsín's heart still isn't really in this thing."

Argentina's creditors, on the other hand, are also skeptical about the agreement, which they see as too vague on the questions of currency devaluation and wages. The U.S.

Treasury and some creditor banks are going to have to extend some emergency financing before the year is out to keep the Argentine payments coming, according to the *Journal*.

Others inside Argentina are saying the "backlash" against the IMF accord could fella the Alfonsín government, but no one is yet speaking of a military coup—except Henry Kissinger, quietly.

Meetings in New York between Alfonsín and the commercial bankers left the two sides far apart, with Argentina asking for \$5.5 billion in fresh loans and the banks offering \$2.5 billion. Argentina is apparently still refusing to pay overdue interest of some \$1 billion due in September.

## ***The Food Cartel***

### **Cargill behind grain elevator shutdown**

The U.S. Department of Agriculture has padlocked and shut down the nation's largest grain storage elevator after a scandal over missing grain. The Department appears to be acting at the direction of the giant Cargill food cartel.

The elevator, a giant 26-million-bushel complex in Plainview, Texas, was built by Billie Sol Estes, and is now owned and operated by an independent, P.L. Blake of Mississippi. On Sept. 14, the Agriculture Department shut the elevator down on the charge that PLB was missing 900,000 bushels of government-owned CCC corn. The elevator was shut one day after Cargill, Inc. removed every last kernel of its grain, probably for shipment to the Soviet Union.

The elevator has remained padlocked. The Agriculture Department gave P.L. Blake until Sept. 28 to come up with the grain or money, or lose their government storage agreement.

Undersecretary of Agriculture Daniel Amstutz, a former top Cargill executive and Swiss connection, has personally supervised the operation, according to persons involved.

Putting the big Plainview elevators out of commission will concentrate almost total control of strategic grain storage in the hands

of Cargill and the other agrigiants—Bunge, Anderson Clayton, Continental, Dreyfus, and others.

## ***Ibero-America***

### **Scientists defend Peru's nuclear projects**

More than 200 scientists and technicians who work in the Peruvian Institute of Nuclear Energy (IPEN) are engaging in an escalating series of work actions to defend the institute from imminent collapse. Funding has been curtailed as part of International Monetary Fund austerity programs instituted by the government.

The case of IPEN is not unique: The large copper project of Cerro Verde II and the irrigation project of Chira-Piura are also near paralysis for lack of financing.

The leadership of the nuclear workers union has held discussions with the Andean Labor Party of Peru (PLAN), which is intervening in the fight on behalf of the scientists goals. The party has warned, however, that "Maoist" elements are trying to turn the IPEN crisis into a confrontation between the scientists and technicians of IPEN and the armed forces, who control the executive board. Therefore, PLAN leaders are recommending that the issue be taken beyond a "wage question" and focus on the role that nuclear energy plays in terms of the national defense and national sovereignty.

Labor Party pickets in Lima have been seen carrying signs such as: "Fewer Coca Plants and More Nuclear Plants."

## ***Africa***

### **World Bank plan for development no solution**

The credibility of the World Bank "is at stake," said a spokesman for the African delegations attending the joint meeting of the IMF and World Bank in Washington, D.C. Sept. 25. The 42 African delegations

## Briefly

● **DAVID ROCKEFELLER** is complaining that President Reagan did not make a strong enough commitment to lower interest rates in his speech to the IMF meeting in Washington on Sept. 25. "He touched on the budget deficit and interest rates, but he was not quite as strong as one would have hoped," Rockefeller charged.

● **CONTINENTAL** Illinois Corp. shareholders voted on Sept. 26 to approve a whopping \$4.5 billion government bailout package for the bank. The bailout is the largest federal rescue ever of a nationally chartered bank. U.S. District Judge John F. Grady has issued a temporary restraining order barring transfer of \$92 million of Conti's bad loans to the Federal Deposit Insurance Corporation, pending further testimony on the matter.

● **RAUL ALFONSÍN**, the Argentine President, met with top U.S. bank executives on Sept. 26 at the New York home of Henry Kissinger and later at the Waldorf Astoria hotel. Alfonsín was accompanied by Economy Minister Bernardo Grinspun Foreign Minister Dante Caputo. Kissinger apparently offended certain foreign members of the 11-member banking steering committee negotiating with Argentina, when he failed to invite them to the luncheon. Deutsche Bank was the only non-American bank represented.

● **VENEZUELA** should do more to encourage free enterprise and should abandon excessively nationalist regulations which hinder foreign investment, according to George Landau, the U.S. ambassador to Caracas and a close associate of Henry Kissinger. Foreign businesses should be guaranteed a profit, permitted to remit those profits, and have majority control in joint ventures, he said; foreigners will not invest in those countries where government regulations hinder their "options and initiatives."

called for a major effort by developed nations to avert an economic collapse in sub-Saharan Africa.

"The crisis now confronting Africa needs to be addressed urgently if the political, social, and economic nightmare that many African countries might experience by the turn of the century is to be avoided," said Zambian Finance Minister L. J. Mwananshiku.

"Most African countries have been forced to reduce their imports of capital goods, thereby slowing down their rates of growth at a time when the problems of poverty, disease, illiteracy, hunger, and malnutrition demand increasing attention."

The economic recovery which most Western nations claim is under way "has not exerted any significant positive influence on developing countries," he said. "International interest rates are still very high, the prices of our major export commodities remain depressed, and industrial countries have continued to erect trade barriers everywhere."

Mwananshiku warned that moves must be taken urgently. "The credibility of the bank as well as that of the international community is at stake."

The World Bank has issued a new report, "Toward Sustained Development in Sub-Saharan Africa: A Joint Program of Action," which emphasizes "existing investments rather than starting new development projects," and says that some projects have to be "written off."

### *Third World Development*

## Regan calls for world IMF parley

U.S. Treasury Secretary Donald Regan proposed a special conference in Washington next April to discuss world economic issues, especially Third World debt, development, and trade problems. Regan said his proposal would be to make the special conference "a joint venture" of the International Monetary Fund and World Bank by having it coincide with the regular spring 1985 meeting of the IMF's Interim committee and a joint IMF/Bank group called the Development Committee.

The call is Regan's response to the calls by Ibero-American debtors for dialogue, issued at both a June ministerial level meeting in Cartagena, Colombia and the just concluded reconvening of the Cartagena Group countries in Mar del Plata, Argentina.

In a statement made Sept. 22, Regan stressed that the conference he has in mind "will not be a [debt] negotiating conference. And it is not a creditor-debtor meeting," as the debtor-nations requested. It will not be designed to stretch out debt or lower interest rates, or to "discuss 25-year moratoriums." It would do nothing, he added, to change the current policy of handling debt problems on a "case-by-case" basis, or shift to some radical proposal for overall restructuring of the estimated \$800 billion in Third World debt.

### *Dairy Farming*

## Canada reduces milk output on U.S. model

Canadian dairy farmers were ordered in September to reduce their quota of milk output per farm to help bring down "surplus" stocks. This follows the recommendations presented to the U.S. Congress by former Agriculture Secretary Earl Butz and others, that reducing the U.S. food output alone is not "equitable," and so other nations that produce "surplus" food should also reduce their output.

The milk reduction program in the United States is resulting in shortages, transport dislocations, and dairy-farm bankruptcy. For example, nine transport loads of Grade A raw milk leave the Salt Lake City area every day to cross the Rocky Mountains to Denver to make up the shortage there of fresh milk supplies. Meantime, Grade C milk goes in the other direction, from Colorado to Utah, for manufacturing into cheese. Wisconsin is shipping out 19 transport loads a day to Georgia and the southeastern states.

This interstate shipment means that the shelf life of milk in the grocery store is reduced by several days, no matter how carefully the farmers, handlers, and processors refrigerate and care for it.