

Business Briefs

International Credit

Soviet Union breaks embargo against Bolivia

The Soviet Union has broken the tight credit embargo organized against Bolivia by the International Monetary Fund, awarding a \$220 million credit for the installation of a tin-refining plant in Machacamarca and a tractor factory in Cochabamba. The official announcement was transmitted to President Hernan Siles Zuazo by Soviet Ambassador Arkadii Gluyov. This is the first Soviet credit to Bolivia, and according to the ambassador there will be more.

This follows a series of offers of cheap credit by East bloc countries to the northern provinces of Argentina, to help build factories and hospitals and to finance agricultural and industrial production. These Argentine provinces are starved for credit because of IMF austerity policies.

International Development

Jane's Defence Weekly on Kra Canal program

Jane's Defence Weekly, an influential British publication, featured a full page on the Fusion Energy Foundation's Kra Canal program the week of Jan. 14.

Jane's correspondent Jim Wolf in Bangkok reported: "The proposed canal would relieve pressure on the shallow, narrow, and crowded Straits of Malacca. Its proponents say it would also transform the economically backward, jungled terrain of southern Thailand into a hub of South East Asian development. . . . The trade boost from such a canal would compare with that of the Suez and Panama canals."

Wolf writes that the Kra Canal project, an idea dating as far back as 1793, "has bounced back into the limelight in recent years largely through the efforts of the New York-based Fusion Energy Foundation. . . . The Foundation, which also advocates beam weapons, held its second an-

nual conference on the Kra Canal in Bangkok last year. Uwe Henke von Parpart, the group's Director of Research, told the seminar that the canal could pay for itself within 10 to 20 years of its completion under optimal circumstances, but at best it would not be ready until the late-1990s or early-2000s.

"Von Parpart's thesis is based on the idea that the Straits of Malacca, which currently accommodate more than 50,000 ships a year, would be choked with traffic by the year 2000 if nothing was done. . . . The Fusion Energy Foundation's plan calls for a two-way sea-level Kra Canal without locks, capable of accommodating draughts of at least 30 meters—enough to handle fully loaded supertankers. . . .

The *Jane's* article also cites two Thai proponents of the canal project, Samak Sundaravej, who said after opening the FEF seminar that he would like Tokyo and Washington to finance a new feasibility study, and Gen. Saiyud Kerdphol, the former commander of the armed forces.

The article ends: "Proponents of the idea . . . contend that the spin-offs from increased industrial activity associated with the canal would be a boon for the entire region. The creation of a major 'Asiport' near Songkhla, for instance, implies the growth of capital-intensive heavy industries, including oil refining, steelmaking and ship repair. . . . The plan also calls for construction of new towns and cities, rail spurs, hotels, airports, residential areas, commercial facilities, as well as a web of secondary canals."

Industrial Espionage

Soviets offer bribe to German industry

During the discussions of the 13th Joint German-Soviet Economic Commission meeting in Bonn, the Soviet Union offered the West Germans a package of trade deals worth about \$7 billion, which eventually could be included in the next five year plan. Soviet Deputy Prime Minister Antonov, who arrived on Jan. 21 in Bonn, is presently tour-

ing huge Ruhr corporations such as Mannesmann, Thyssen, and Bayer in order to concretely plan out these deals, to officially settle the agreements by December.

On Jan. 24, Otto Wolff von Amerongen, president of the principal German industry and trade association, criticized the COCOM-list of goods embargoed by NATO countries for export to the Soviet Union for strategic reasons. Amerongen said in an interview with a Soviet paper that it is becoming more and more difficult to differentiate between military and civilian goods and that technology knows no national bounds.

Some in Germany think otherwise. Reflecting the current pressure of the Reagan administration on the Bonn government in defense-related questions, Interior Minister Friedrich Zimmermann announced on Jan. 24 a major success of German counter-intelligence: the acquisition of a secret list of all the sensitive technology Moscow wants to get from the West.

Entitled "Coordinated Demands for Technological Information Tasks," this "red book" contains detailed descriptions of all the sensitive military and non-military goods the Soviets want: processes for hardening of titanium, micro-electronic goods, large computers, steering systems for rockets, and systems for anti-submarine warfare. The publication of this book will prevent the leaking of military secrets to the Warsaw Pact under cover of "East-West trade."

Energy

Brazil opens up nuclear power plant

Brazil inaugurated its first nuclear power plant on Jan. 17, the Angra I. After being shut down twice last year for leaks in the refrigeration system, the reactor has now been operating at full capacity for a month. Energy Minister Cesar Cals led an official inauguration ceremony at Angra dos Reis, 50 miles south of Rio de Janeiro.

This is the second functioning nuclear plant in Ibero-America, the other being Atucha I in Argentina. Although more are in

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construction, all these plants are seriously threatened by environmentalists and the International Monetary Fund, which has demanded an end to nuclear power projects as part of its austerity conditionalities program.

Austerity

Panama: one-third of budget for debt

Panamanian Economics Minister Catin Vasquez is privately briefing labor leaders in Panama on the budget for 1985, which will total \$2.7 billion, of which one-third, \$839.2 billion, will go toward debt service. He stated that the government expects a deficit of \$190 million and does not have a source for these funds yet. Speculation is that the government will raise taxes and fire government employees, that is, will implement the IMF austerity program piecemeal rather than as a package. When President Nicolas Ardito Barletta attempted to impose this program last year, riots broke out which left several people dead.

Agriculture

New farm bill a genocidal disaster

Office of Management and the Budget (OMB) Director David Stockman and the "crazies" wing of the Reagan administration, guided by the KGB-influenced Heritage Foundation, are about to introduce a 1985 farm bill that will, its authors claim, re-introduce the free market to agriculture after a 50 year absence. The explicit aim of the new bill is to lower production.

According to an unnamed OMB spokesman quoted by the Dow Jones wire service, Commodity Credit Corporation loan rates will be abruptly lowered to 75% of market prices. This is to eliminate the "marginal incentive to produce." Deficiency payments to individual farmers in the target price pro-

gram will be capped at \$20,000 per year, down from the current \$50,000, and after three years will be reduced to \$10,000.

"Loan rates," "target prices," and other market intervention programs for farmers currently add up to \$12 billion in the U.S. budget. The administration intends to slash this to \$8 billion and then \$4 billion the following year.

An OMB official said: "The whole farm problem comes down to one simple fact: We have too many farmers. Dairy surpluses, for example, are easy to calculate. There is about 12.5% too much milk produced in this country. Thus, the only real solution—short of drinking a lot more—is to put one of every eight farmers out of business, or reduce each herd 12.5%, or do whatever is necessary to bring supply back in line with demand."

International Trade

Iran and Turkey sign pipeline deal

Iran and Turkey have signed a preliminary agreement for the construction of a pipeline to carry Iranian oil and natural gas across Turkey to Western Europe. The agreement was signed by Iranian Prime Minister Mir Hussein Mussavi during an official visit to Turkey, which ended on Jan. 22. Musavi was preceded by the Iranian minister of heavy industry.

The pipeline will have the effect of reducing Iranian vulnerability to Iraqi bombings of tankers in the Persian Gulf. According to the agreement, a crude oil pipeline would be laid from the northwest of Iran to the Turkish Mediterranean coast and a natural gas pipeline across Turkey to Western Europe. The Soviets have also agreed to build a natural gas pipeline into Turkey.

Iran is Turkey's primary trading partner, and Musavi and Turkish Prime Minister Ozal signed a \$3 billion trade agreement and a three-year cultural agreement.

This Iran-Turkish liaison has been promoted by the U.S. State Department, but the major effect of the deal will be to tie the region closer to the U.S.S.R.

● **HERMANN RAPPE**, the chairman of the German Chemical Workers' Union, warned on Jan. 19 that the policy of the Green party would be as bad for Germany as the Morgenthau Plan. "A realization of the Green system of economy would only be possible at the expense of mass production of goods and services. . . . The 'Morgenthau Plan' . . . comes to mind—a highly decentralized, predominantly anti-industrialist, backward agricultural country largely decoupled from the world market."

● **NORML** (National Organization for the Reform of Marijuana Laws) spokesman Joanne Gampell stated on Jan. 24 that American farmers should grow marijuana in order to save their farms. Gampell, author of the highly suspect NORML report which asserted that marijuana was the number-two cash crop in the United States in 1984, told a caller that raising pot is "a very viable solution" to the economic problems facing farmers. "If more and more farmers turned to marijuana, maybe we could end the agricultural depression in this country."

● **COLOMBIAN** President Belisario Betancur stated in a message to President Reagan wishing him a successful second administration: "Your position on the subject of developing country debt and, especially, Latin American debt, will have considerable impact on the progress of our countries and the institutional and democratic stability of our society. . . ."

● **BANCO FILIPINO**, the Philippines' largest savings bank, has been closed by the government. President Marcos announced that accounts at 80 branches of the bank would be transferred to the Philippine National Bank. Marcos had pumped \$166 million into the bank six months ago to meet a rash of withdrawals, but was unable to restore solvency.