

# Business Briefs

## ***Ibero-American Debt***

### **Catholic bishops: Economy comes first**

The president of CELAM (Conference of Latin American Bishops), Mons. Antonio Quarracino, interviewed in the Vatican daily *Osservatore Romano* on March 21 said that the economic problems take first priority in Latin America: "You know perfectly well that when there are big economic problems, the survival of democracy and democratic government is also in danger."

He continued: "There is the huge problem of the foreign debt of almost all the countries. I don't know how the countries are going to pay this debt. Interest alone is already a real problem."

## ***Agriculture***

### **Stormy protests over the EC farm budget**

The proposed austerity budget of the European Community provoked farmer protests from Bonn to Strasbourg in the week leading up to the EC Council of Agriculture Ministers meeting in Luxembourg on April 1-3, where the farm budget was on the agenda. The European Parliament meeting in Strasbourg had rejected the proposed austerity plan in a stormy meeting in March. Their counter proposal, largely drafted by French Communist Benjamin Pranchère, called for average price increases for 1985/86 of 3.6% for EC food production.

The fight centers on a controversial proposal for a 3.6% reduction in grain prices and continuation of the milk quota system. Under a complex scheme approved several years ago, the European Community imposes an automatic sliding scale mechanism whereby prices for cereal grains and select other products fall if production exceeds a certain harvest. This season's record grain harvest should mean an automatic maximum adjusted price cut of 3.6% under the so-called "Guaranteed Threshold" of the mechanism.

Werner Schneiders of the West German

farmers' organization has attacked the austerity cuts as "unacceptable," claiming they will amount to a repeat of the devastating 20% income collapse German farmers suffered two years ago, from which they have yet to recover.

Last year's punitive milk quota system was imposed under EC budget blackmail where EC farm ministers were told by the British government and others in the EC that they would veto more Common Agriculture Program monies unless a "superlevy" on surplus milk production and an end to open-ended guarantees for surplus products were agreed upon.

## ***Labor***

### **Danish gov't clamps down 2-year IMF plan**

Together with the anti-NATO liberal Radical Party, the Danish conservative ruling coalition has put together the parliamentary majority needed to enforce an International Monetary Fund austerity package and legislation to end a general strike in Denmark. In response, riots erupted in Copenhagen on March 28, blocking all traffic in the area around the parliament for several hours.

Radical left-wing unionists are preparing for a series of wildcat strikes, according to Danish media, in opposition to the austerity package and the end to free wage bargaining imposed by the government and the IMF.

The IMF package, which covers March 31, 1985 to March 31, 1987, limits wage increases to 2% for the first year, followed by 1.5% for the second year. With an annual Danish inflation of 10%, a direct real wage reduction of 8-8.5% per year would result. The announced price freeze, which does not apply to prices on imported goods, can do little, if anything, to slow inflation, in an economy marked by falling productivity.

The 40-hour working week is to be reduced by one hour during the first quarter of 1987, with nominal wage compensation, and forced savings will be imposed of 8% of all taxable income above DKr 150,000 (\$13,240) at 0% interest, over a 5-to-7-year period. Corporate taxes will go up from 40

to 50%.

In the biggest Danish labor conflict since World War II, 290,000 workers went on strike and 10,000 workers were locked out on March 24, as the leadership of the National Trade Union Confederation (LO) refused to accept the low wage increases offered by the Danish Employers Association.

## ***"Recovery" Myth***

### **Hunger-linked disease spreads in America**

Tuberculosis, a disease that was dead in the U.S. 15 years ago, is now reported regularly in large U.S. cities and its incidence is growing, carried by street vagrants. Kwashiorkor (protein and caloric deficiency) and marasmus (gross caloric deficiency), are cited in Chicago and the Rio Grande Valley of Texas. These are the diseases which produce the swollen bellies on emaciated children seen in reports on Ethiopia or the Sudan.

These conditions are described Harvard School of Public Health study, titled "Hunger in America." Twenty million Americans are hungry, going without food one day, a few days or even a week per month, according to the study, which cites instances of people eating dog food and many more cases of people eating only beans, cereal, and rice—no meat or vegetables.

The biggest growth of hunger and starvation took place in 1982-84, the years of the U.S. economic "recovery."

In Mississippi, over 580,000 people, nearly one-quarter of the state's population, are below the official poverty line. Teachers for the Headstart program in Greenwood and Sidon, Miss. reported that it is the main source of food for half of the 647 children served in their program, who often get only one and at most two meals a day.

In Birmingham County, Alabama, the Birmingham Community Kitchens report that in 1980, they served 1,200 meals to hungry people. This shot up to 45,000 meals in 1982 and then skyrocketed to 130,000 in 1984.

"They say we don't see kwashiorkor or marasmus in this country, but we do. I see 15-20 cases every year in my hospital," re-

ported Dr. Stephen Nightingale, Chief of Internal Medicine and Administrator of Cook County Hospital in the middle of Chicago, describing the resurgence of Third World diseases.

Kwashiorkor and marasmus also exist in the Rio Grande Valley of Texas, a state that prided itself during 1979-82 that it was impervious to the slump.

### *Dope, Inc.*

## Trouble for Crédit Suisse's William Weld

U.S. Attorney for Massachusetts William Weld lost his case against former Massachusetts State Representative Vincent Piro, even as *Newsweek* magazine's March 25 issue ran a publicity article touting Weld as an "imaginative and aggressive law enforcer."

On March 20, the jury hearing the case against Piro acquitted him on two counts of extortion and conspiracy. The Boston-area media called the acquittal a major defeat for Weld. Piro was the target of an "overzealous" sting operation. Piro's lawyer, R. Robert Popeo, said the verdict represented a "philosophical" change in the public attitude toward law enforcement. "The people of the United States do not want government in the business of creating crime. It's a sleazy business."

Weld's hardnosed style didn't keep him from letting the Bank of Boston pay only a \$500,000 fine upon conviction, and a Bank spokesman bragged that the deal included no prosecution of bank officers. In early March, several congressmen involved in hearings on the Bank Secrecy Act held by the House Banking Committee complained that the fine was insignificant. According to Title 31 of the Code of Federal Regulations, \$500,000 is the maximum monetary fine for a violation in any 12-month period. The Bank of Boston laundered its money over a *four-year period*: A maximum fine would have been at least \$2 million.

In the Bank of Boston case, the evidence has led to Crédit Suisse, well known as the dirtiest bank in Europe involved in laundering drug money. Crédit Suisse is the bank that helped make Mr. Weld's family for-

tune. The bulk of the small bills laundered by the Bank of Boston came from the vaults of Crédit Suisse. The Weld family fortune's biggest venture in the international markets is a "prestigious" outfit in London called White Weld Securities, the Eurobond syndication subsidiary of Crédit Suisse First Boston, Ltd. of London.

### *International Credit*

## IMF updates plan to wreck Italian economy

A delegation of the International Monetary Fund was in Rome at the end of March to issue its yearly report on the Italian economy—a commendation of Finance Minister Bruno Visentini for virtually destroying it, and an update on how to continue the process.

The delegation, led by an IMF director, W.E. Whittome, met only with Treasury Minister Roberto Gorla before issuing a report which declared: "The stakes are very high. Unless the measures suggested by the IMF are taken, the Italian economy will quickly go down the road of continuing unemployment and an accelerating inflation."

The IMF report declares, "Public expenditure was higher than planned," and therefore, "various expenditure programs should be cut, in particular, health and pensions"—the two sectors which are the most devastated by measures already instituted by the IMF, last time around.

The IMF report praises "the recent measures taken to increase the fiscal base, but at the same time thinks that further measures are needed." In January, Finance Minister Bruno Visentini imposed a tax package which is destroying most family businesses and shops, who are obliged to pay tribute to Visentini amounting to almost 40% of their income. The IMF praised Visentini, but added that 40% simply was not enough.

The point in the IMF report which provoked an understandable uproar in the government was the demand for "a further increase in interest rates," which came only a few days after an official request by Prime Minister Bettino Craxi for a sensible lowering of Italian interest rates, the highest in Europe.

## Briefly

● **JOBLESSNESS** in the town of Kendleton, Texas is now actually 90%, according to the city administrator. The *official* unemployment rate for the town of 690 inhabitants is 3%.

● **MORE DOPE** on Ohio's Marvin Warner, the banker who caused the collapse and panic in the Ohio banking system. In 1981, Drug Enforcement Administration chief Francis Mullen called Isaac Kattan, one of the chief depositors in Warner's Great American Bank of Dade County, the biggest money launderer of the late 1970s. That was after three officials of the Great American Bank starting serving their prison sentences for money laundering. Up until the Bank of Boston scandal broke, Great American was one of the record-holders for money laundering—\$96 million in one year to . . . Switzerland.

● **SUPER SECRET** meetings have been going on in Washington between officials from the Swiss Finance Ministry, the State Department, and Treasury about Swiss banking secrecy laws and their relation to money laundering. But Washington's diplomats are careful not to offend the Swiss by telling the world that they are the repository of profits from the dope trade that's killing record numbers of junkies right in Washington, D.C.

● **CARGILL**, the Swiss-controlled grain cartel company, is leading the assault on integrated U.S. steel companies through running mini-mills. Cargill's wholly owned subsidiary, North Star Steel, owns about one-tenth of all mini-mill production in the United States.

● **CASINOS** received a setback in Mexico, after a demonstration on March 29 by the Mexican Labor Party and the Authentic Party of the Mexican Revolution forced cancellation of a "Las Vegas night" which was designed to show how beneficial gambling would be for Mexico's economy.