

Business Briefs

Weapons

Investigation launched into Swedish arms firm

Swedish State Prosecutor Stig Aage has initiated an official investigation into charges that Bofors/Nobel industries, the large Swedish arms and explosives multinational owned by the Wallenberg/Gyllenhammer group, is involved in illegal weapons and explosives smuggling. Bofors is being investigated on charges of smuggling missile systems and other weapons to Middle Eastern countries via Singapore and other transshipment points.

Trading in the shares of Bofors was halted on March 27, in anticipation of the signing of an 8 billion Swedish Kroner (over \$1 billion) arms deal with the Indian defense ministry. The deal would be the largest export order in the firm's history. Bofors has been the focus of inquiry recently, in regard to its covert arms dealings with the Khomeini regime in Iran.

Two years ago, Nobel built an explosives factory in Iran. Company spokesmen allege the explosives are for peaceful mining applications.

Bofors President Claes-Ulrik Winberg was forced to resign as chairman of the Swedish Employers' Federation in November 1985, amid a major fight with the government of then-Prime Minister Olof Palme over covert arms sales to Iran via Swiss front companies.

Western intelligence sources report that Palme had clashed with Bofors, which is an integral part of the Soviet-linked Wallenberg-Gyllenhammer industrial espionage apparatus, just prior to his assassination in March.

Debt

Baker admits his plan is a dead letter

U.S. Treasury Secretary James Baker III has publicly announced that his so-called Baker Plan for dealing with the developing sector debt crisis is dead. Baker's plan was unveiled last October at a meeting of the Inter-

national Monetary Fund in Seoul, South Korea. A desperate effort to deal with the Third World debt crisis without precipitating a debtors' revolt, the scheme was attacked both by creditor banks, for extending their risk with no government backing, and by debtor countries, for demanding even more severe IMF control over their economies.

Baker now acknowledges that his plan was, perhaps, "too innovative."

The recent appointment of Baker crony Barber Conable as chairman of the World Bank is regarded in European banking circles as evidence that the Baker Plan had become a "dead letter."

In a related development, U.S. Assistant Undersecretary of the Treasury James Conrow announced on March 28 that no country will get help from the United States unless it shows "a World Bank or IMF document which has the firm support of the government involved."

He emphasized the case of Mexico, saying it "has to face its economic problems with creditworthy programs. . . . The real problem is the commitment to implement policy reforms."

A senior banker quoted by the Reuters wire service said, "Mexico is the make-it-or-break-it test for the Baker Plan."

Labor

Peruvian mines closed; miners threatened

Peruvian Labor Minister Wilfredo Huayta declared on March 30 that the strike that has shut down the nation's copper mines for over a month was threatening "the nation's security." "We will not let the country be brought to its knees by this subversive strategy," he said, "and all necessary measures will be taken to solve the situation."

The closing of the Cerro de Pasco mines is causing Peru to lose \$17 million a day in exports.

Three union officials and one union member who had supported the efforts of President Alan Garcia to settle the strike were murdered by terrorists the week of March 24. The government had granted a substantial pay increase of \$1.90 per day.

According to information revealed by Peruvian War Minister Gen. Jorge Flores, Shining Path (*Sendero Luminoso*) terrorists are threatening striking mine workers that they and their families will be murdered if they agree to the government's proposals and end the strike.

Biological Holocaust

Soviets hold secret meetings on AIDS

Early in April Soviet specialists are convening two top-secret meetings on AIDS. The first will occur in Graz, Austria from April 7-9, under the auspices of the Soviet-controlled World Health Organization Communicable Diseases Division. The Graz conference is being organized by Dr. Brytchenko, the Soviet director of the European office of WHO in Copenhagen, Denmark. Conference attendees are handpicked from Western and Eastern institutions.

The second conference, designated "Exclusively Top Secret," will include only about 10 participants, meeting in Moscow April 9-11. In addition to representatives from the WHO and several Soviet ministries, the invitees include individuals from three Western nations.

Foreign Trade

Peronists submit debt payment proposal

The Peronist Party in Argentina has demanded that only 10-20% of exports be used for debt service. The proposal is modeled on the "10% solution" of Peru's President Alan Garcia, who has refused to pay more than one-tenth of the nation's foreign earnings to international creditors.

The Peronist Party's economics chief, Eduardo Setti, declared that Argentina should not accept austerity demands from the International Monetary Fund, since such impositions violate national sovereignty.

The Argentinian daily newspaper *Clarín*

reports, "In case those proposals provoke a break of financial relations, with trade sanctions, Peronism suggests a system of solidarity between the Latin American and Third World countries which, among other aspects, would guarantee the indispensable minimum of strategic materials. It also suggests appealing to Pope John Paul II and the top hierarchy of other religions practiced in Latin America, to support the just cause of the debtor countries."

The Peronist Party announcements came shortly after the successful general strike staged by the Argentine General Confederation of Labor, using the motto "The debt to the people must be paid."

Automobiles

Will Qaddafi pull his money out of FIAT?

FIAT's Libyan partners have made arrangements to pull out of the Turin-based Italian automaker, according to the Italian economic newspaper *Il Sole 24 Ore* on March 20.

The operation by which FIAT's Libyan partners will sell their 15.19% package of ordinary shares and 13.08% package of privileged shares was reportedly wrapped up in late March. Neither FIAT nor the Libyan foreign investment firm through which the partnership was first arranged in 1976, would confirm or deny the report.

Regional Integration

Ibero-American food security fund proposed

Twenty-six Ibero-American and Caribbean nations attended a meeting on April 1, convened by Argentinian President Raúl Alfonsín, to discuss the problem of hunger in underdeveloped nations, and to consider setting up a "food security fund."

Peruvian Agriculture Minister Remigio Morales Bermudez (the son of the former President) told the conference: "We came to concretize, in the food area, one step for-

ward in the search for effective measures of integration, when hunger, as a universal problem, requires going beyond good intentions. . . . We have to set clear goals of food security, analyzing adequate levels of production, supply and access to consumption."

He called for a regional food financing fund which would "provide timely supply and preferential prices and shipping rates for regional food production." He also called for a regional program to make sure that every child under five years old in the region receives adequate nourishment.

The idea of the regional cooperation on food stems from a meeting in February in Argentina in which President Alfonsín and Uruguayan President Julio Sanguinetti had agreed that such cooperation was essential in Ibero-America. Argentina and Uruguay are the two countries in Ibero-America that produce the largest surpluses of food.

Agriculture

Unrest among farmers in Germany grows

As the agricultural situation in Germany grows more desperate, farmers held large demonstrations in hundreds of West German cities on April 5, organized by the German Farmers' Union.

In Bavaria alone, where the agricultural crisis has hit hardest and the farm vote is almost 20% of the total electorate, demonstrations were scheduled in 70 cities. The Bavarian Farmers' Union forced the union nationally to join this show of force.

In the second week of April, a demonstration is scheduled in Bonn, and the following week there will be an international meeting of farm unions.

Symbolizing the attitude of the current German government to the farmers' problems, Economics Minister Martin Bange-mann, addressing a large meeting of the Farmers' Union in southern Germany in early April, when he was forcefully asked by participants to make clear statements about the future of agriculture, replied: "I could have told you 'Kiss my *ss,' when I accepted this invitation. But if you treat me like that, I say it now." He then left the meeting.

● **AN IMF TEAM** will visit the Philippines in April to hold talks on the country's debt problem. Public Works and Highways Minister Rogaciano Mercado told reporters in late March that, although there was a "very wide range of opinion," the prevailing view was to adhere to World Bank/IMF terms. The Philippines owes foreign lenders \$26.4 billion and has made no principal repayments since October 1983.

● **NIGERIA** has forced its creditor banks to accept a three-month moratorium on debt repayments. Radio France International reported on March 29 that at a meeting in London between Nigerian government representatives and creditor banks, the Nigerian "ultimatum" calling for a 90-day freeze on payments was accepted by the banks, which have this time to work out a rescheduling arrangement for Nigeria's debt.

● **THE BANK** of New England will appeal its \$1.24 million fine imposed for violating federal currency reporting laws by concealing more than \$700,000 in cash transactions by a suspected bookie. The bank faced a maximum of \$15.5 million in fines for 31 felony convictions returned by a jury in February. Two former bank tellers and the suspected bookie were acquitted. A bank official commented: "The verdict doesn't make any sense; all our employees were found innocent; no company is safe."

● **ENERGY SECRETARY** John Herrington said President Reagan will submit a bill to Congress to deregulate the half of the U.S. supply of natural gas still under price controls.

● **SALES OF NEW** single family homes fell by 3.8% to an annual rate of 685,000 in February, the largest month to month decline since October. An estimated 55,000 new homes were sold in February according to a report by the Commerce Department's Bureau of the Census.