

Business Briefs

International Debt

Debtors demand Venice discuss solution

Eleven indebted Ibero-American countries have issued a call asking that a solution to the debt problem be discussed at the Venice summit of the top seven industrial nations.

Italy's *Corriere della Sera* reported that the call was sent as a telex to Italian Premier Amintore Fanfani by the President of Uruguay, Giulio Maria Sanguinetti, who "formally asked the seven meeting in Venice on June 8 to make concrete commitments."

"For the poorer, and particularly the sub-Saharan countries," writes *Corriere*, "a 10-year moratorium is being considered, followed by rescheduling for a period of 20 years. Italy will propose to the summit the creation of a 'critical mass' of fresh money for other countries."

Agriculture

French reject OECD policy

French Agriculture Minister François Guillaume, in a statement released in Paris May 25, was highly critical of the agriculture policy being pursued by the OECD nations, a policy whose aim is a reduction of food output. Guillaume charged that this policy does not take into account consumption needs of the developing countries, which could become Europe's largest trading partners.

Guillaume renewed his demand for a "Marshall Plan" for the Third World to "fight hunger more quickly than was possible previously, with the help of European food surpluses."

Raymond Lacombe, president of the French farmers union FNSEA, supported the agriculture minister's criticisms of OECD governments. Third World nations are "important economic partners in the long term," he said, and the OECD is refusing to promote equitable agricultural trade with developing countries. Instead of starting a trade

war, the United States and Europe should attempt to reach an international agreement on world markets, Lacombe stated.

AIDS

WHO opposes any mass screening

The World Health Organization (WHO) has come out strongly against AIDS screening programs now advocated in several countries, because these could be "misconceived, intrusive—even threatening fundamental human rights—and most likely both extremely expensive and very ineffective," WHO Director Dr. Jonathan Mann stated.

"These kinds of programs can have a negative impact on overall AIDS-prevention and control work by diverting resources away from education programs and other HIV prevention activities." Mann was summing up a meeting of 21 scientists, virologists, and physicians from as many countries who drew up criteria, covering 50 distinct issues, that the WHO claims should be met before any resort to screening.

"Screening to many people seems to be a simple answer to a very complicated question," he intoned. "Unfortunately, screening is itself a complicated part of an answer, a reflex action, to a complex problem."

East-West Trade

Soviets say they can do without U.S.

In an interview with *U.S. News and World Report*, Soviet propaganda chief Aleksander Yakovlev declared that Moscow is no longer concerned about the U.S. military threat, and can do without U.S. trade.

"We have concluded that it is difficult for Americans to attack us with nuclear weapons," he said. "We lived in the fear of such a possibility for three decades, but not any more."

He added that the Soviets are downgrad-

ing trade with the United States. Washington's "arrogant, high-falutin' actions, [such] as embargoes [and] clamping down on export of all kinds of technologies," have caused the Soviet Union to give up trying to encourage trade with the United States, and to reorient its efforts instead to Japan and Western Europe, said Yakovlev. "You made us do it," he said.

"I think Europe is more and more interested in détente and establishing good relations with us. I believe that the Soviet Union and Japan are natural trade and economic partners. I believe that the Japanese understand this, too."

Comecon

Gorbachov demands loot from Romania

Mikhail Gorbachov, during his two-day stopover in Bucharest on his way to the East Berlin Warsaw Pact summit, demanded that Romania integrate its economy more closely with that of the Soviet Union, according to a May 26 Radio Moscow report. His talks with Nikolai Ceausescu and other Romanian officials centered on bilateral relations, including "expanding economic and scientific-technological cooperation" and "expanding bilateral trade, which is already slated to grow by 80% during the 1980s . . . but, 80% should not be seen as the limit. . . . The rate of growth should be even higher," said Radio Moscow.

Then came the ultimatum: "The two sides discussed establishing direct production links" between Romanian and Soviet enterprises—that is, Romania's move from a satrapal to a colonial status.

Preceding the visit, *Pravda* featured Romania's severe economic problems, especially in energy supplies, and its vastly increased dependency on Russia. *Pravda* noted that in 1986, Soviet crude oil exports to Romania tripled, while exports of natural gas and electricity went up by one-third. *Izvestia* went even further, focusing on the country's serious food shortages and enforced food rationing.

In some quarters, Gorbachov's reported statements are being read as a signal that Moscow would like a change in leadership in Romania. Gorbachov attacked "bureaucratism and nepotism," code words for the Ceausescu family.

Romania has been the only Comecon country to refuse to enter agreements with the Soviet Union on an enterprise-to-enterprise basis.

Corporate Strategy

Harcourt Brace chief denounces takeover bid

Harcourt Brace chairman William Jovanovich angrily rejected Robert Maxwell's \$2 billion bid to take over his U.S. publishing company, calling Maxwell "unfit to control the largest textbook, scientific, and medical publisher in the United States."

The Czech-born Maxwell is the owner of Britain's *Mirror* newspaper chain. He is also the leading British member of the Club of Rome. His Pergamon Press publishes all Club of Rome writings.

Jovanovich cited Maxwell's hidden funding sources and fronting for Soviet propaganda as reasons why his bid should be rejected. Jovanovich summed up: "Mr. Maxwell has money, but not enough. He has ambition, but no standing. He ought to be sent packing to Liechtenstein," where his holding company has its headquarters.

'Invisible Hand'

Rumors spread of Soviet dollar bailout

The Soviet Union is bailing out the U.S. dollar, as part of a scheme to keep President Reagan from changing his disastrous current economic postures at the June 12 economic summit, according to some U.S. intelligence sources. Other sources say the report is disinformation; its circulation, however, serves the same strategic purpose.

According to some sources, the Soviets have been dumping gold on the Swiss markets, and buying U.S. dollars to postpone a dollar collapse.

The reported Soviet gameplan is to ensure that Reagan continues in his economic policy delusions. The U.S. State Department is reported to be in secret negotiations with the Soviet foreign ministry on a Soviet bailout in exchange for progress at "zero option" arms talks.

According to other well-placed intelligence sources, however, the reports are disinformation to foster the illusion that U.S. banks do not face impending collapse.

The Debt Bomb

London Economist expects coup in Peru

The *Economist* magazine of London, in an editorial in its May 23-29 issue, calls for a cutoff of credit to countries like Peru that refuse the austerity conditionalities of the international bankers; it also predicts a military coup against Peru's President Garcia.

"There is a danger that failing populism may mean that military coups come glumly back to fashion in Latin America," the *Economist* writes, "and that a 'slowdown in lending after Citicorp' may cause bankers to be blamed for it. The international financial organisations and pilloried commercial bankers need to think out what policies they should follow then.

"Two rules would be wisest. First, to refuse to lend to military regimes that topple presidents even as muddled as poor Mr. Garcia. That refusal would give military regimes an incentive to call new general elections quickly, preferably within three months—and such coups are the only conceivably respectable ones. Second, international organisations and prudent commercial banks should stop lending to a country the moment it adopts policies like Mr. Garcia's in 1986. The World Bank stopped lending to defaulting Peru only last week. Far too late."

● **DANISH FARM DEBT** last year hit an all-time high. According to figures released by the national Farm Organization, farmers in 1986 loaned 12.5 billion D.Kr. (\$1.8 billion), and the total farm debt has now exceeded 100 billion D.Kr. (\$15 billion). As a result, 53% of farm income goes to meet interest payments.

● **PARITY PRICES** for farm products would permit European Community farm subsidies to be phased out, stated the head of the European Farm Organization in a statement in Copenhagen in May. H.O.A. Kjeldsen also charged that low world market prices are artificial, and only benefit countries like the Soviet Union.

● **'TECHNICAL level'** talks began May 26 between U.S. and Japanese representatives, on the trade issues that led to the U.S. imposition of sanctions against Japanese imports. But White House spokesman Marlin Fitzwater said he did not believe an end to the sanctions would occur prior to the June 12 Venice economic summit.

● **CHASE MANHATTAN** May 27 followed Citibank by recording a huge loss to cover defaults on loan repayments. Chase Manhattan wrote off \$1.4 billion, in comparison to Citibank's \$2.5 billion. The BBC commented that with Chase's move, "other U.S. banks will be forced to take similar actions."

● **JAPANESE POLICE** May 27 arrested two senior officials of Toshiba Machine, one of the biggest machine-tool producers in Japan, after learning that the company had sold advanced machines and computer software to the Soviet Union. Tokyo is concerned that Toshiba Corporation, the parent company, may be barred from American strategic defense research as a result.