

# Business Briefs

## Energy

### García says Peru has gas for 120 years

Peruvian President Alan García on March 1 announced the first stage of exploration for huge gas reserves discovered by Shell Oil Co. in the jungle area of Ucayali in the south of Peru. The discovery was first revealed on Feb. 21, and is estimated at 7.2 trillion cubic feet of gas—equivalent to 1.2 billion barrels of oil. The value of the find is about \$20 billion, and according to García, will last for 120 years.

The President said that development plans include the construction of one 540-km pipeline to carry gas to Lima, and another smaller one to carry liquid gas found nearby, which is comparable to high octane gasoline.

García said that the findings will make it possible for Peru to substitute gas for oil, and to export 35,000 barrels a day of oil that is now consumed domestically. He said that the possibility of exporting gas to Brazil is under study, but has not been determined yet. García, who will be going to Mexico in mid-March, added that he would consult with public and private companies there on alternative technologies for exploiting gas reserves.

Shell's contract expires in January 1988, and García said that the company's future in Peru depends on its good behavior.

## The Recovery

### U.S. cities set for massive layoffs

Unless the governor and state legislature agree on a bailout, hundreds of police officers and firefighters are slated for layoff in New Jersey. The State Senate will be voting on a \$99 million aid plan, but Gov. Thomas Kean has announced that he will veto it as "irresponsible."

Plainfield Mayor Richard Taylor, who is preparing to lay off 25 workers, including

4 police officers, said, "Putting up this legislation is like giving kool-aid laced with cyanide—it's going to pass, but Kean's going to veto it. We can't afford to wait any longer. . . ."

Trenton plans to lay off 200-400 workers on March 12. Newark and Camden are delaying layoffs in hopes that the state will provide more aid. Newark Mayor Sharpe James said that he would have to lay off 200 "essential personnel," including police and firefighters, if they lose state aid.

In Ohio, according to the *Cleveland Plain Dealer*, cities are about to lose \$200 million per year because of the Gramm-Rudman-Hollings "budget balancing" act. State Rep. Marc D. Guthrie called for an increase of state aid to cities there from \$300 to \$360 million per year. But State Budget Director William Shkurti said municipalities will just have to compete for pieces of the shrinking pie.

In his State of the State speech on Jan. 13, Ohio Gov. Richard Celeste (D) took the credit for Ohio's "economic recovery."

## The Debt Bomb

### Unofficially, Egypt is in default

"Banking sources in Cairo have quietly acknowledged that Egypt is in de facto default on its debt payments," says the "Intelligence Report" column of the March 2 *Washington Times*.

"Western bankers say that delays in debt payment, which were six or seven months a year ago, now total twelve months or more. Foreign banks no longer finance major projects in Egypt or take part in refinancing operations with its banks."

The column says Egypt's combined civilian and military debt has reached \$35 billion.

The government, meanwhile, is resisting new demands from the International Monetary Fund. Egypt and the IMF have not yet agreed on a letter of intent that would secure Cairo a \$300 million stand-by credit, according to the economic weekly *Al-Ah-*

*ram Al-Iqtisadi*. The paper said there are "many points of difference between the two parties," including Egypt's refusal to increase interest rates, and domestic energy prices by 60%.

In the meantime, a high-level delegation from Russia has been exploring the possibility of securing political concessions from Egypt in return for easing repayment terms on debts to Moscow.

## Space Science

### Fusion propulsion being developed for Mars trip

Scientists at the University of Wisconsin are developing a first-generation fusion propulsion system, applicable to a manned mission to Mars. Dr. John Santarius told a reporter March 3 that a first-generation fusion propulsion system, using deuterium and helium-3 that would be mined on the Moon, could reduce the Earth-Mars trip time from 6-8 months, to about 10 weeks.

According to Santarius, a 500-ton tandem mirror fusion reactor would produce about 1,000 MW of power, and a rate of acceleration between .01 and .001 Earth gravity. In his estimation, some of the deleterious effects of zero gravity might be mitigated by introducing even a small percentage of Earth gravity to a spacecraft. Higher acceleration systems would be developed for second-generation systems—the era of Mars colonization.

At present, NASA managers are discussing four possible initiatives for the space program over the next decade. Says the March 2 *Defense Daily*, quoting Dr. Sally Ride, Space Shuttle astronaut and special assistant for long-range planning to the NASA director, one initiative is a manned Mars expedition, which would not take place until the first decade of the next century. Before that can happen, there might be two robotic initiatives, one for spacecraft monitoring the environment of Earth, and the other a probe to Mars to return a sample of the planet to Earth.

The fourth initiative is called, "Return

# Briefly

to Moon to Stay," which Ride said "is intended to change the perception that the Apollo program is a dead end."

## The Deficit

### Gramm-Rudman goes to the hospital

The Gramm-Rudman "balanced budget" law is in "intensive care," said the outgoing Congressional Budget Office director Rudolph Penner on NBC's March 3 "Today" show. He also thought a tax increase was needed.

Penner said that the scandals around the Iranian and Contra arms aid would help prod President Reagan into reducing the deficit.

"I think he'll be interested in redeeming his presidency. The deficit's a horrible legacy for him to leave and I think he will be more willing to bargain with the Congress, especially with Howard Baker there. He'll know what compromises are possible. I think you'll have to see some little tax increase this year."

The Gramm-Rudman law, he added, "may not be dead, but it certainly is in intensive care. I think the law has never worked very well."

## Free Enterprise

### Warner convicted in Ohio savings swindles

Jimmy Carter's ambassador to Switzerland, Marvin Warner, whose looting practices at his Home State Savings Bank closed down the state's entire thrift industry for a time in 1985, was convicted in Ohio state court in Cincinnati of banking and securities violations.

The March 3 *Wall Street Journal* says that Warner was found guilty of six counts of unauthorized acts in connection with investments made by Home State through E.S.M. Government Securities, Inc., and of three counts of state securities violations.

Warner, a big contributor to the Ohio Democratic Party and Gov. Richard Celeste, faces a maximum prison sentence of 13½ years, fines, and possible restitution to the state of Ohio for its payments to defrauded depositors. Sentencing is scheduled for March 30.

## Agriculture

### Debate bill to destroy food output

Texas Agriculture Commissioner Jim Hightower March 2 accused the W.K. Kellogg Foundation of Michigan of distorting the facts about the effects of a proposed 1987 national farm bill he helped write. The bill, sponsored by Rep. Richard Gephardt (D-Mo.) and Sen. Tom Harkin (D-Iowa), calls for a cartel-style "supply management" approach to produce a drastic reduction in food output in the United States.

The Kellogg report, with nothing better to recommend, did point out that food prices could rise under this regime.

"They're not just cooking corn flakes in Battle Creek, Michigan," said Hightower. "Their foundation-funded researchers are also cooking figures with self-interested disregard for the truth."

Hightower said Kellogg "has financed a skewed report to scare consumers into thinking that the farmers want to jolt consumers with a massive price increase." As a result, he said, the study's conclusions on farm income, food costs, and business controls under the proposed legislation are inaccurate. He said the nation's big processors and international commodity shippers do not want a change in farm policy because "they want to perpetuate a policy that brings them fat profits at the expense of farmers and consumers."

True enough, but the Hightower-Gephardt-Harkin bill would perpetuate exactly the same kind of policy, guaranteeing not only expensive food, but massive food shortages inside the United States. And from what *EIR* knows about Jim Hightower and his ties to KGB front-operations like the Institute for Policy Studies, he knows it.

● **RAJIV GANDHI**, the Indian prime minister, announced a huge increase in defense spending Feb. 28, but ordered a freeze on other expenditures in a belt-tightening 1987-88 budget. Gandhi increased defense outlays 43% to \$10 billion for the year beginning April 1, bringing defense to more than 17% of total spending.

● **GENERAL ELECTRIC'S** Astro-Space Division will close its Houston operations office in August. Opened in 1962 to work on the Apollo program, it employed 1,200 at its peak in 1968. Employment dropped to 600 when the Apollo program ended. It currently employs only 73.

● **OPEC** will not hold an emergency meeting, despite the recent decline in prices on the world markets, said Indonesian Mines and Energy Minister Subroto on March 3. "OPEC has decided not to revise its policy or to hold an emergency meeting. We expect the price will be better entering the third and fourth quarters of this year."

● **THE INFLATION** index in the United States rose by 0.7% in January, according to statistics released Feb. 27, an annual rate approaching "double-digit" inflation. A 6.6% increase in gasoline at the retail level accounted for only a small part of the increase.

● **AFTER SEVEN MONTHS** of silence, the White House is going to respond to the *Report of the National Commission on Space*. Science Adviser William Graham told the Senate Feb. 27.

● **50,000 CHILDREN** in Colombia die annually from water-borne diseases, caused by a lack of potable water, poor sewage, and inadequate garbage collection. The government plans to invest \$1.6 billion in water and sewage projects, which will bring potable water to 11 million Colombians and sewage systems to 16 million.