

# Business Briefs

## Foreign Debt

### Egypt faces moment of decision on IMF

Egypt's new parliament was elected on April 6, will meet by mid-month, and its first priority will be Egypt's foreign civilian and military debts, and the demands of the International Monetary Fund for more austerity. The Mubarak government had used the elections to make no decision on the IMF. It only indicated repeatedly to Washington bureaucrats that it was committed to signing a letter of intent.

With a sizeable majority for his ruling National Democratic Party, Mubarak will now have to decide: capitulation or confrontation.

Egypt has not paid any of its debt service for more than six months. Unlike Brazil or Peru, Cairo's refusal to pay was overlooked, because its coffers have simply been empty.

The government avoided any serious economic debate during the elections, but now, government-linked newspapers such as *Al-Ahram* or *al-Akhabar* have begun to give in-depth coverage to Brazil's policy. *Al-Ahram* hailed Brazil, and called for an international Third World debt conference.

## Infrastructure

### Majority of bridges set to collapse

Fifty percent of the bridges in the United States are in the same condition as the bridge that collapsed, killing four people, on the New York State Thruway April 4. According to a National Public Radio Broadcast two days later, a national expert on bridges reported that the majority of the nation's major bridges are in bad need of repair, and in danger of a similar collapse.

Two years ago, *Executive Intelligence Review* did an independent study of the country's unpaid amortization of basic infrastructure, including bridges, and determined that expenditures totaling \$3 trillion would be required to restore things to a con-

dition comparable to the early 1970s.

According to the expert quoted on radio, most of the nation's major bridges were built by the Works Progress Administration during the depression years of the 1930s. Such bridges have an average life-span of 50 years. Ergo: They are ready to go.

"You can expect a lot more such incidents in the next decade," he said.

## International Credit

### AFL-CIO said to support Brazil

U.S. labor backs Brazil's debt moratorium, according to Jay Mazur, AFL-CIO vice president. He declared that U.S. workers support Brazil's decision to suspend interest payments. Had the country instead gone to the International Monetary Fund, he added, the result would have been economic stagnation.

Mazur said the latest executive council meeting of the U.S. labor federation determined its complete support for a political solution to the debt, and that the debt is unpayable and therefore should be at least partially forgiven.

"We do not think it correct that the World Bank or the IMF impose conditions on debt renegotiation, affecting salaries, social programs, and the evolution of trade. That seems unjust to us," he stated.

## The Debt Bomb

### Will Africa follow Brazil?

African nations may follow Brazil in declaring debt moratoria, according to the French newsletter *Lettre d'Afrique*, which reports that international financial circles are worriedly asking themselves, "If the majority of African countries will not follow the recent example of Brazil?"

At a meeting in Addis Ababa in mid-March, African commerce ministers called

for a five-year moratorium on debt service payments. They pointed out that Africa's export revenues fell to \$43.3 billion in 1986, compared to \$60.6 billion in 1985, which was a year of terrible drought.

The United Nations has set up a committee of "wise men" to study the African debt crisis. It will be composed of a dozen individuals from the large creditor nations, commercial banks, and Africa. The World Bank will also participate. The U.N. spokesmen say they hope for "concrete short-term solutions."

Speaking at a meeting on the General Agreement on Tariffs and Trade (GATT) in New Zealand on March 27, the Nigerian trade minister said that for African economies to grow by 3-4% by the end of this decade, more than \$35 billion in annual investment was necessary. During this same period, African debt service would be \$24.5 billion per year, almost half of Africa's export earnings. In this context, he called for the reduction of interest rates.

## AIDS

### More states consider testing legislation

New Hampshire Gov. John Sununu and state legislative leaders have proposed mandatory AIDS testing before the issuance of marriage licenses.

Speaking April 7 in Concord, Sununu said, "I think it is a good, strong initial step."

In North Carolina, a state task force has called for legislation to control the spread of AIDS. Included in its recommendations are jail terms for those who knowingly carry the AIDS virus and fail to curb their sexual activities.

The U.S. Army has already instituted such penalties. An Army private has been charged with aggravated assault for having sex with two other soldiers—one female and the other male—even though he knew he was an AIDS carrier. Adrian G. Morris, Jr. was charged in April by his company commander at Fort Huachuca in southeastern Arizona.

# Briefly

## Agriculture

### Beef shortages hit United States

Beef shortages in the United States are causing meatpackers to scramble for supplies. As a result, cattle futures prices hit a three-year high April 7 on the Chicago Mercantile Exchange.

The national inventory of livestock has sunk so low that any passing problem in weather, transportation, etc., will produce an immediate shortage. There is no margin to offset such problems. The recent wave of bad weather has cut into whatever minimal herd build-up may have been taking place.

There was a 9% decline in placements in feedlots last year. There has been a significant liquidation of beef cattle herds for the past two years. The slaughter of close to a million milk cows over the past year hid the beef shortage from the public, but the U.S. Department of Agriculture's "planned shrinkage" of the meat supply will now begin to be felt.

About 300,000 more milk cows are due to be slaughtered this year, in the final phases of the Dairy Herd Termination program. But the beef just "isn't there."

## Free Enterprise

### DEA chief in Bogota to discuss drug banks

The head of the U.S. Drug Enforcement Administration has met with the President of Colombia to discuss the problem of U.S. banks that are laundering profits from the drug trade—just about all of them.

Colombian officials have recently been outspoken on the difficulties of conducting a war on drug trafficking in their country, when major financial institutions, especially those of the major "consumer," the United States, are wittingly aiding the traffickers by laundering their funds.

DEA director Jack Lawn met with President Barco in Bogota April 7. It was his

first visit to Colombia.

In a briefing to the press afterward, Lawn said: "There is great concern in the United States on the effects on private commercial banking of links to money from the drug trade. . . . We support any effort that enables us to fight not only against trafficking of drugs, but against the laundering of dollars."

Lawn said his visit is to prepare for a conference on drugs to be held in Vienna in June, at which a document prepared by former Colombian Justice Minister Enrique Parejo Gonzalez—the successor to the murdered Rodrigo Lara Bonilla—will be debated. That document, among other things, demands universal transparency of financial institutions.

## Common Market

### Brazil, Argentina, study integration

Brazil and Argentina are engaged in broad economic negotiations which would integrate the two economies more closely, and give one another priority treatment in economic emergencies.

A review of the progress of such integration appearing in Brazil's *Corrieo* newspaper says that negotiations are under way on construction of trucking and shipping facilities, the use of Brazilian satellites for Argentine communications, and cooperation in nuclear energy research.

Meanwhile, military contacts continue, and plans for the development of a "bina-tional airplane" may be announced during July.

Brazil's foreign ministry, said the report, blames the finance ministry for delays in reaching an agreement on an emergency food supply program. Under that accord, the two countries would give priority to the other in case of shortage of vegetables, chicken, etc.

Progress in such negotiations are especially important to Brazil, which faces international pressure and threats from creditors after declaring a debt moratorium in February.

● **'RED BILLIONAIRE'** Jean-Baptiste Doumeng died April 5 of cancer of the pancreas. Doumeng, head of France's Interagra grain and meat empire, was a personal friend of Soviet leader Gorbachov for years and a financier of the French Communist Party. He was also a key figure in arranging cheap European Community "surplus" food sales to the Soviet Union. At the recent Peace Forum in Moscow, Doumeng signed an unprecedented \$1 billion contract.

● **SAFEWAY**, the nation's largest grocery chain, will shut down 141 stores in Dallas, laying off 8,500 as part of a nationwide restructuring plan; 8 stores have been sold to Kroger Inc., and all are on the market. Company officials would not speculate how many would reopen under new ownership.

● **RICHARD DARMAN**, a key figure at James Baker's Treasury Department, is leaving government to join Shearson-Lehman investment firm, a well-known halfway house to points further up the Hudson Valley.

● **IBM**, after two years of declining earnings, the first since the last depression, is pushing 10,000 of its 237,000 employees into early retirement, and forcing 15,000 others into different jobs, mostly sales.

● **COMMERCE SECRETARY** Malcolm Baldrige will visit the Far East in April for talks on trade. He will meet with officials in China, South Korea, Hong Kong, and the Philippines, the Commerce Department announced April 7. The talks will focus on "developing additional U.S. markets."

● **JAPANESE** trade minister Yuzuru Hatakeyama told London's *Financial Times* April 8: "We are not accustomed to this type of game," in reference to U.S. trade war measures. "The reaction of the Japanese people will be very anti-American," he warned in remarks in Tokyo.