

Business Briefs

Foreign Debt

Did Mexico sign away sovereignty?

According to an article in the April 13 issue of the left-wing publication *Proceso*, whose author claims to have a copy of the recent debt agreement between Mexico and its creditor banks, Mexico signed an "unusual" accord which undermines national sovereignty. The Mexican government has not denied the report. Key quotes from the article follow:

"Under penalty of cancellation of the accord and not receiving any more money, Mexico commits itself not to make a general suspension of payments, not to declare moratorium, and that none of the bodies of the government—Executive, Legislative, or Judicial—question the validity of the signed contract, or decree anything that seeks to invalidate Mexico's responsibility, exempt Mexico from claims, or impede or retard its fulfillment of its obligations.

"It commits itself not to leave the IMF or the World Bank. It agrees to submit to the local laws and courts in New York and London. It renounces its immunity—because the state offers itself as guarantor of the debt—and the immunity of its goods. And Mexico renounces the immunity of its international goods, among which are included, 'without limitation,' its petroleum and gas. Mexico does not sign the accord as a sovereign nation, but as a commercial company. Its acts, in relation to its debts to the banks, are not public and governmental acts, but private and commercial acts."

Health Care

Expert decries AIDS victims' euthanasia

Dr. Robert Gallo spoke at a conference in Leyden, the Netherlands on April 15, and denounced proposals for euthanasia on AIDS patients. When asked about press reports that some Dutch AIDS patients were seeking and getting euthanasia, Gallo said: "Personally, I think it's stupid. Anyone who goes out too early is making a big mistake."

He added that there were advances in the AIDS field every week, and that he disagreed with "mercy killings" on ethical grounds.

He was also asked how many infected with the virus develop a serious illness: "Put that all together and perhaps 20% of all infected people develop serious diseases. Will it be 60, 80, 100? We really don't know and I think if we project too loudly that it will be, it will induce suicides."

Trade War

Yeutter to demand Japanese timetable

Clayton Yeutter, Trilateral Commission trade-war specialist and U.S. special trade representative, said that he will call on Japan to establish an "implementation timetable" to reduce trade frictions when he meets with Prime Minister Nakasone in mid-April.

Yeutter said his agenda will include getting commitments to bring U.S. firms in on the construction of the \$8 billion Kansai airport; purchase of superconductors by the Japanese government; inclusion of U.S. companies in the Japan-Alaska fiber optic link; and purchase of U.S. agricultural goods.

Yeutter said the tariffs which the administration intends to impose on Japan may remain for only a short time, but that it would take "the persuasiveness of data" showing that the Japanese had stopped dumping, to end them.

Free Enterprise

Wall Street hit by cocaine scandal

One broker sent free samples of heroin via the his firm's messenger service. Another traded information on stocks for cocaine. Others received accounts in return for supplying cocaine. Others were hired because they were trusted sources of cocaine.

These instances and more are cited in an affidavit accompanying the warrant used by

U.S. Attorney Rudolph Giuliani to raid several Wall Street brokerage firms including Brooks, Weinger, Robbins and Leeds, Inc. Sixteen of the 19 arrested were brokers, 8 of them associated with Brooks, Weinger, where a federal undercover agent had been working since mid-March.

"This case and the implications of it are quite serious," said Giuliani. "This is the beginning of this whole area of investigation."

In one cited instance, a principal of the company whose stock Brooks was about to offer to the public, was given cocaine for \$10,000 worth of stock.

Among the arrested was Wayne Robbins, a partner in the firm. Giuliani's office has filed documents seeking control of Robbins's interest in the firm under federal narcotics law. Giuliani said it is the first time his office has attempted to seize a brokerage firm under drug laws.

"Fairly senior management" from major firms on Wall Street, who had been spending \$50,000-100,000 a year on cocaine and earned more than \$1 million per year, had cooperated with authorities prior to the raid.

Banking

Mellon Bank chairman resigns

On April 13, J. David Barnes, chairman and CEO of Mellon Bank since 1981, resigned both positions. The Mellon family, which owns 15% of the stock, actively promoted the ouster.

At a special meeting April 12 at the bank's Pittsburgh headquarters, Mellon's board elected as caretaker chief executive, Nathan W. Pearson, 75, the bank's most senior director. Pearson is also family financial adviser to the heirs of Andrew W. Mellon, the son of the bank's founder, Judge Thomas Mellon.

Mellon Bank has been suffering from its bad energy and other loans. On April 10, Mellon Bank announced its first quarterly loss ever: a \$59.8 million deficit. Mellon's directors cut the stock dividends—for the first time ever—from 69¢ to 35¢ a share.

Word is, that various Mellons are perturbed at how the decline of the bank's for-

tunes will tarnish their self-styled philanthropic and civic image. However, insiders think that the public and private images are finally beginning to coincide. For example, it is an open secret that the famous Mellon art bequest that became Washington's National Gallery, originated when Andrew Mellon made the donation, in exchange for which, charges were never pressed against him for tax evasion and embezzlement.

Labor

Colombian President certifies new union

Colombian President Virgilio Barco presided on April 13 over the ceremony granting the Unified Workers Central (CUT), headed by former Labor Minister Jorge Carrillo Rojas, official legal status. The granting of legal status had been stalled for a full year by the previous labor minister, Name Terán, who finally resigned in March.

Carrillo, an outspoken opponent of drug trafficking, organized a walk-out of existing union federations one year ago, charging that the leadership was intimately tied to drug trafficking. That leadership was also linked to the American Institute for Free Labor Development (AIFLD), part of the "Project Democracy" network associated with Lt. Col. Oliver North's operations in the Iran-Contra affair.

After the ceremony at the presidential palace, Carrillo made a statement supporting Peru's "10% solution" on debt. Colombian papers also reported Carrillo's statement that the CUT, "with its 800,000 affiliates," is engaged in "the formation of a workers' political party."

Project Democracy assets are enraged. AIFLD-connected Marco Córdoba, National Metal Workers Federation president, said "The CUT . . . is financed by the Soviet Union and the Schiller Institute," reported *El Tiempo*. The Colombian Workers Union (UTC), headed by AIFLD-bankrolled bureaucrats, "accused the CUT of being the guerrillas' unionized arm, of seeking [former President] Belisario Betancur's reelection, and of being run by the Communist Party to serve the U.S.S.R.'s interests," reported *El Espectador*.

Development

Chirac says Reagan was impressed by plan

President Reagan was reportedly quite impressed by the "Marshall Plan" proposed for the Third World by French Premier Jacques Chirac during the latter's March 30-April 1 visit to Washington, according to the April 14 *Quotidien de Paris*.

Chirac reported this to the international association of French-speaking mayors, the majority of whom are from Africa. "The day after this talk [with Reagan], I received Vice-President Bush at the embassy, and he said to me that he had just met with Mr. Reagan, who questioned him considerably on this matter. I was stunned."

The next day, George Shultz arrived late for a meeting with Chirac, because he had to discuss the Marshall Plan idea first with the President.

"It's the first time I have received such a response from the American government," Chirac said. "This is of particular importance, since we can't do anything in this area without the support of the United States."

Scandals

Occidental accused of funding guerrillas

Armand Hammer's Occidental Petroleum Corp. has been implicitly accused of funneling Colombian government monies to guerrillas in that country while building a gas pipeline there.

Carlos Ossa Escobar, presidential assistant for peace and social rehabilitation, said that "an oil company"—which everyone knows to be Occidental—included in the cost of oil pipeline construction the amount it gave to the terrorist National Liberation Army (ELN) for "security." The Colombian government in turn reimbursed those expenses. He said that the ELN had been considerably strengthened by the Occidental payments.

Briefly

● **GEN. JAMES GALVIN**, in an interview with Argentina's *Clarín*, stated: "The Army role in U.S. development during the last century was very strong, we opened the West, we built the railroads, and we controlled the rivers and the ports. . . . In some countries it is necessary that the Army take part in building the infrastructure. . . . In a development plan we have a role to play." Galvin is the outgoing head of the U.S. Southern Command.

● **CAR SALES** fell 15% April 1-10 for the top eight domestic automakers (counting domestically made Japanese brands), compared to the same 10-day period a year ago. General Motors and Chrysler sales were down by more than 20%, Ford by only 2%. U.S. Honda and Nissan were up by 30%.

● **A SOVIET** commercial delegation headed by the vice-minister of fishing, Nikolai Kudriavtsev, began negotiations in Montevideo April 4 on a Soviet-Uruguay fishing pact and joint ventures. The Soviets are seeking fishing rights inside Uruguay's 200-mile limit.

● **THE FEDERAL** Highway Administration recently told Congress that it will cost \$50.8 billion, \$13 billion of that needed immediately, to make all the nation's bridges safe again.

● **SHIGELLA** contamination has reached critical levels in the Peoria, Illinois water supply, according to a pest specialist, Dr. Michael Shinkle. Necessary clean-up measures have not been taken, and area health experts are calling for action.

● **MILK SHORTAGES** will hit large areas of the United States by the end of the summer, according to dairy experts. U.S. Agriculture Department "dairy herd termination" programs eliminated 1.3 million milk cows in 1986 alone.