

Business Briefs

Foreign Debt

Brazil to pay 85% of trade surplus

Brazilian Labor Minister Almir Pazzianotto announced in Geneva June 6 that Brazil will earmark 85% of its 1988 trade surplus, estimated at \$12.6 billion, to pay interest on its foreign debt.

Speaking at the seventh conference of the International Labor Organization (ILO), Pazzianotto said that payment of the interest will prevent the creation of 330,000 new jobs in Brazil's industrial sector, based on an average of \$30,000 per job.

Pazzianotto said that over the past 10 years, Brazil has serviced its debt to a net amount of \$143 billion transferred abroad. While asserting that Brazil has made progress in negotiations with its creditors and the International Monetary Fund, he rejected the "socioeconomic and political strangulation caused by the obligations, which frequently surpass the debtor's economic capacity. This situation promotes destabilization and can lead to social unrest that will have repercussions in the industrialized countries as well."

Trade

U.S. keeps hard line on farm subsidies

Daniel Amstutz, U.S. ambassador to the General Agreement on Tariffs and Trade talks on agriculture, said the United States will continue its "hard line" for a so-called "zero solution" to world agricultural subsidies and market access barriers. He called for an end to all such barriers by the year 2000.

Amstutz, deputy secretary of agriculture and a life-long operative of the Cargill grain-cartel firm, said he expected the Toronto Economic Summit of the Group of Seven industrialized nations to once again endorse the negotiations—known as the "Uruguay Round"—now under way on agricultural issues.

Briefing the White House press corps

June 13, Amstutz said the European Community remains staunchly opposed to the U.S. position, and that there are seven different positions staked out by the world's agricultural exporting nations, including one by a group of 13 nations known as the "Kairnes group."

Amstutz maintained, incredibly, that, despite drought and economic breakdown, net world food supply continues to rise, along with consumption. He showed a chart purporting to show world wheat production and consumption rising from 425 million metric tons in 1979 to 550 million metric tons in 1990, with a constant line for reserve stocks.

Banking

Court clears way on securities

The Supreme Court on June 13 decided not to hear a case brought by the Securities Industry Association to overturn a ruling by the Federal Reserve Board in April last year, allowing banks to underwrite mortgage and other asset-backed securities, commercial paper, and municipal revenue bonds.

When the SIA asked for the case to be heard by the Supreme Court, a court injunction was imposed until the court came to a decision. That injunction is now null and void, and therefore, major banks could start their new underwriting activities immediately.

The decision also undermines the Glass-Steagall Act of 1933, which set up a clear demarcation between institutions dealing with commercial banking ventures and those dealing with more risky securities operations.

"The Supreme Court decision doesn't change a thing," said an aide at the House Energy and Commerce Committee. "Banks have been getting into the securities business and this decision won't make a bit of difference."

Rep. Fernand St Germain, chairman of the House Banking Committee, issued a statement saying that the Supreme Court decision "doesn't change the need for Congress to establish the ground rules for bank-

ing."

These two House committees are responsible for regulating banking. The Supreme Court decision establishes a precedent outside of the jurisdiction of the Congress, and thereby tends to make the courts, not the Congress, the arbiters of banking regulation (or deregulation).

Technology

Senate report cites lack of SDI rockets

According to a study authored by aides to Sen. J. Bennett Johnston (D-La.), Dale Bumpers (D-Ark.), and William Proxmire (D-Wis.), the deployment of anti-missile defenses in space under the Strategic Defense Initiative cannot occur before 1998 because of a lack of heavy-duty rockets to put the weapons into orbit, the *New York Times* reported June 12.

The report by the three anti-SDI senators follows on the heels of an Office of Technology Assessment report a week earlier which asserted that "a limited-effectiveness, Phase One ballistic missile defense system begun in the mid-1990s could not be fully deployed in fewer than eight years," on the basis of launch considerations alone.

A Pentagon spokesman criticized the Senate study as containing "more misleading assertions than facts."

Energy

Shoreham dismantling means 'brown outs'

Secretary of Energy John Herrington scored the dismantling of Long Island's Shoreham nuclear power plant as "shortsighted obstructionism," at a meeting of the American Nuclear Society June 13.

The bulldozing of the brand-new, \$5 billion plant, which has never been operated thanks to environmentalist obstruction and

lawsuits, is the result of an agreement reached in May between the Long Island Lighting Company and Mario Cuomo's New York State government.

Without Shoreham, said Herrington, New Yorkers face "a future of continued brownouts and higher electric bills for people who already have the highest bills in the nation."

"Making this situation worse," he continued, "is the fact that New York presently uses twice as much oil as any other state in the union to produce electricity, or six times the national average."

Herrington called for reform in the process of licensing nuclear power plants, which delays them for years, and a focus on research in new nuclear technology.

Drought

Barge traffic shut down on Ohio River

Among the immediate effects of the drought in the Midwestern United States has been a shutdown of barge traffic from the Ohio to the Mississippi rivers because of the low water levels.

The barge traffic was disrupted when a tugboat was stranded by low water and blocked waterways at the point that the Ohio and Mississippi rivers merge. News reports say that up to 2,000 barges are idled as *EIR* goes to press.

The Ohio River is closed for an 11-mile stretch south of Mound City, Illinois. The Army Corps of Engineers is requiring barges elsewhere on the Ohio to carry reduced loads, in order to avoid foundering.

Lack of rain is also causing water levels to drop in the Mississippi and Missouri rivers.

Army Corps spokesmen have stated that even plentiful rainfall will not immediately change the situation, since the drought has been so severe that the first rains would only soak into the ground, not run off into the rivers.

Also because of the drought, the U.S. Department of Agriculture has granted emergency relief to 46 Iowa counties, but that will not be of much help to farmers, it

seems.

The government gave permission for "set aside" lands to be used for haying and grazing. Those lands were to be left completely out of production. However, these lands have been so devastated by drought that this is of only limited use.

Farmers in Ohio are feeding livestock baled hay, and are hauling water from afar, since wells are dry throughout their areas.

In the Columbus, Ohio area, corn, oat, and wheat crops are reported to be totally destroyed, and the soybean crop will be saved only if rain comes by the end of June.

AIDS

Rio researchers study links to other disease

The interactions between AIDS and endemic diseases are being studied at a government center in Rio de Janeiro, Brazil.

"Here at the Oswaldo Cruz Foundation, we are going to orient our research toward the interaction of AIDS with Chagas disease, tuberculosis, and leprosy. The Chagas disease carrier can live infected for years without showing problems. But if his immunological system were infected by AIDS, the gravest form of the disease, which affects the heart, could show itself. But all this is in the phase of speculation," Dr. Galvao, chief of the foundation's immunology and virology department told the Rio daily *O Globo*.

Galvao said, "Our idea is to make a general survey of the AIDS virus existing in all regions of the country to determine if significant mutations occur. . . . We have still not encountered HIV-2, but this does not mean that it does not exist in Brazil. There is serologic evidence, according to Dr. Riccardo Veronesi, of the presence of that type of AIDS in Brazil."

Galvao said the studies, which are not yet funded, are urgent, because AIDS is beginning to be found in the parts of Brazil where the above diseases, plus malaria, schistosomiasis, and others are endemic. He will present his research findings at an AIDS conference in Stockholm in September.

Briefly

● **INDONESIA**, hit by mounting debt payments, is proposing paying back its government debts to Japan at 1986 exchange rates, but Japanese officials said June 13 that the suggestion was hard to accept. Indonesian Finance Minister Johannes Sumarlin told a Japan-Indonesia conference that Japan should allow debtor nations to relay at a yen rate prior to the Japanese currency's dramatic appreciation. But Japanese officials said they did not believe this would be acceptable to Tokyo.

● **MALNUTRITION** takes the lives of about 14 million children under age 5 every year—if you credit China's claim to have eradicated hunger, according to a report in the *Baltimore Sun* June 12. During this decade, food consumption has fallen in 52 out of 114 Third World countries.

● **'GOING TO MARS** together [with the Soviet Union] has a fishy origin," writes Alcestis Oberg, wife of famed space scientist James Oberg, in the June 11 *Los Angeles Times*. Mrs. Oberg describes the Soviet offer for a joint manned Mars mission as "bombastic hype," and scores congressmen and others who have fallen for it. Its purpose is only to encourage the "peace movement" to get rid of "Star Wars."

● **TED SORENSEN**, the top adviser to the committee drafting the Democratic platform, wrote a book in 1984 calling for the United States to give up its sovereignty and accept IMF surveillance of the U.S. economy, to force through drastic reductions in the living standards of the American population.

● **THE LATIN** American Reserve Fund was founded in Lima, Peru June 10, three years after Peruvian President Alan Garcia proposed it. Its purpose is to strengthen balance of payments, giving credits or guaranteeing loans to third parties.