

Business Briefs

Banking

Radical changes in Texas regulations

The banking section of the Texas State Finance Commission ruled Sept. 16 that state-chartered banks could create branches across county lines, thus completing a radical change in state banking regulations.

In 1986, after 82 years of unit banking, i.e., no branches allowed, Texas voters approved a constitutional amendment allowing in-county branching, effective Jan. 1, 1987. The law prohibiting out-of-state ownership of the state's banks was also changed.

In 1988, backed by federal court decisions, the U.S. Comptroller of the Currency began permitting federally chartered Texas banks to branch across county lines, despite state laws to the contrary.

The State Finance Commission ruling of Sept. 16 gives state-chartered banks the same branching rights as federally chartered banks.

Dope, Inc.

Chinese mafia seizing control of trafficking

The Triad Society, or Chinese mafia, held a meeting in June in Hong Kong, presided over by the Burma-based ethnic Chinese warlord, Khun Sa. The purpose of the meeting was to restructure the financial side of the drug trade, according to the Italian weekly *Europeo*.

The Drug Enforcement Administration is watching Khun Sa and his Burma-based Shan United Army closely, it says, because in the past three months alone, the Shan mafia's share of the world heroin market has grown from 3% to 40%, and it is in the middle of a war with the Sicilian mafia to take over the drug trade entirely.

According to *Europeo*, Khun Sa had originally sought to set up joint operations with some of the leading U.S.-based mafia families, including the Bonnano and Genovese clans. But now, in light of crack-downs on the Sicilian drug-runners in both Sicily and the United States, Khun Sa sees

the opportunity to entirely displace them.

Police in New York report finding dead Sicilians with Chinese tattoos painted on them.

The reason for the Hong Kong meeting, CIA and other sources are said to speculate, is that the Shan will have to relocate its financial operations once Communist China takes over the British Crown Colony in 1997, *Europeo* claims.

That last item is typical of the political disinformation permeating the *Europeo* report. It claims the Shan leaders are the old Kuomintang followers of nationalist Gen. Chiang Kai-shek, and refers to the Triad as the "Taiwan mafia." In fact, although the DEA has repeatedly declined to admit it, Khun Sa, by his own admission, works with the Red Chinese and the Theodore Shackley section of the CIA, the "privatized" section that figured prominently in Oliver North's Iran-Contra operations. (Shackley was CIA station chief during the 1960s "Dirty War" in Laos, and financed many off-line operations with aid of Khun Sa's opium trade.)

What neither *Europeo* nor official DEA spokesmen acknowledge is that the Shan's opium is grown not in Burma, but in Hunan province, People's Republic of China.

Food

Soviets facing very bad harvest

This year's harvest in the Soviet Union will barely reach 200 million tons, reports West Germany's *Frankfurter Allgemeine Zeitung*, quoting "official sources in Moscow."

Originally, it was estimated at 220 million tons, current official estimates are 205 million tons, "but it could very well be only 190 million tons."

Official figures say that last year's harvest was 211.4 million tons. But the Soviets count the so-called *Bunker gewicht*, says the newspaper. That is, the grain is not cleaned and dried before being weighed. To compare the Soviet harvest to Western standards, one must subtract about 30% of the reported total.

Soviet demands for food tribute from Western as well as developing nations are

bound to rise in this light, because current Soviet food needs are estimated to be at least 234 million tons per year.

Technology

New x-ray laser breakthroughs

Lawrence Livermore director John Nuckolls told the University of California Board of Regents Sept. 15 that the x-ray laser has made significant progress recently. His remarks were reported in the *San Jose Mercury*, under the headline, "X-ray Laser Progress Reported."

The x-ray laser is under development in connection with the President's Strategic Defense Initiative. It promises to become a weapon system one unit of which, the size of an office desk powered by a miniaturized H-bomb, could destroy the entire Soviet missile fleet in the space of minutes. According to Dr. Edward Teller and other specialists, it could be deployable within 4-5 years. However, the kind of power involved means that the x-ray laser represents a whole new dimension in human mastery of the electromagnetic spectrum, promising many civilian spin-off applications.

The *San Jose Mercury* quotes Nuckolls telling the regents of the university, which operates Livermore Lab, "In our most recent experiment, I believe we took a great step forward."

Phil Coyle, Livermore associate director, said that the recent test produced the most powerful beam yet, and that the real breakthrough was in the development of diagnostic instruments that measure the beam's characteristics.

Informal Economy

Underground bankers launder drug funds

An ancient international system of underground Asian "bankers," known as the *Hawala*, is being revived in Europe and Asia to

launder dope money, the *Daily Telegraph* reported Sept. 20, based on a British police briefing. This has resulted from the success of the Drugs Trafficking Offenses Act, which allows police and customs "unorthodox" access to banks to track, freeze, and confiscate drug-traffickers' assets.

These "bankers," who originated on the Indian Subcontinent, can move enormous amounts of money around the world without trace. The system is called "Chiti banking," and turns over several million pounds per day in London alone, police said. The Hawala are members of ancient clans or families of moneylenders, who often run legitimate businesses as a cover. The "banking" system works on trust. The drug trafficker deposits cash with a Hawala in London, for example, who gives him a token or "chiti"—often just a torn card or half a banknote. The Hawala then instructs another "banker" in, for example, Pakistan, to redeem the "chiti" for his customer there—minus a big commission.

The transfer of funds by Hawala bankers—totally ignoring exchange controls—is reportedly causing a "hemorrhage" from some Third World economies. Some countries are losing money almost as fast as they can print it, the British police said. "The system is beginning to undermine the fiscal integrity of whole nations. Often, to extract large sums of money from state banks that control currency outflow, the Hawala will create false bills of lading and invoices for non-existent goods on behalf of a client for credit overseas. The worth of this money, often represented in drugs or arms, once removed from a developing country's economy, is gone forever. The country has to make further external borrowing to replace the lost capital, and growth is either slowed down or stopped," police sources said.

Trade

West Germany is Iran's top partner

West Germany is the number-one trading partner of Iran in the West, according to information made available at a mid-Sep-

tember industrial fair in Teheran. At present, 80 German industrial companies have offices in Teheran, and German exports to Iran will total 3.0 billion deutschemarks in 1988.

"The prospects are very good, really," declared Volker Franzen, the official spokesman of the German Ministry of Economics in Bonn Sept. 14. "For reconstruction projects, we are the first address for Iran."

Britain's industry is also heavily interested in broadening business relations with the Iranians, as is shown by the fact that 64 companies attended the industrial fair.

Japanese firms were present at the fair, but only eight of them. However, they are all large companies, like Komatsu, Bridgestone, and Ricoh.

The French are taking part in the Teheran fair for the first time in nine years, with 20 companies represented.

Usury

UNICEF says IMF is killing children

International Monetary Fund policies kill children, and that's official. On the occasion of World Children's Day, Sept. 20, the United Nations International Children's Education Fund (UNICEF) attacked IMF policies in the developing sector as responsible for increased infant and child mortality.

In a statement of the German Committee for UNICEF, former Tanzanian President Julius Nyerere is quoted, "Do we have to let our children starve to pay our debts?"

UNICEF cites its recent report, "Adjustment with a Human Face," which showed how IMF policies lead to falling wages, increased unemployment, price increases of basic goods like food, reductions of government spending in the social field, and thereby worsening of the health supply and education. "In the above mentioned study, UNICEF reported on ten countries, where the number of malnourished children increase, diseases increase, child and infant mortality increase, where a policy of financial stabilization leaves the human factor out of account."

● **THE FRENCH** government has allocated "five times less money for the anti-AIDS fight" this year than last, according to a report in *France Soir*. Leading AIDS researcher Luc Montagnier of the Pasteur Institute is quoted, "Authorities have to persuade themselves that a long and continued effort has to be undertaken, which requires stable funding."

● **ONE-QUARTER** of all patients in the hospitals of Dar es Salaam, Tanzania are infected with AIDS, according to a doctor working there.

● **OFF-BALANCE-SHEET** obligations of international banks—usually guarantees of various transactions by other parties—are greater today than before the October crash, according to a Swiss banking spokesman. Speculation combined with computerized global financial "dealing" have created an extremely "dangerous" situation, the source said.

● **THE SOVIET UNION** may have been behind the \$7 fall in gold prices Sept. 16 to the lowest point in 18 months. Rumor has it that the U.S.S.R. unloaded a huge amount of bullion on the Swiss market to raise cash.

● **EUROPEAN COMMUNITY** butter stocks are at a historic low of 180,000 tons, after 110,000 tons were sold to Russia and 18,000 tons to Egypt, Tunisia, and Algeria. The figure is even lower than in 1982, when butter stocks first started to mount.

● **GERMAN-SOVIET** cooperation in railway technology was agreed by the two ministers of transportation, Juergen Warnke and Nikolai Konarev, in Bonn Sept. 16. The Soviets are most interested in the West Germans' experimental magnetic train. Said Konarev, if the Germans have any problems with environmentalists (!), the experimental track could be built in the Soviet Union.