

Business Briefs

Trade Deficit

Study says GATT accord would be disaster

An Economic Strategy Institute study circulating in the U.S. Congress says that a General Agreement on Tariffs and Trade (GATT) agreement could cause a 33% rise in the U.S. trade deficit in one year.

The ESI study, as reported in the Jan. 16 *Western Livestock Reporter*, says that Bush administration claims about the benefits of a GATT agreement are overstated by 700%. U.S. Special Trade Representative Carla Hills's assertion that the agreement would increase U.S. domestic output by \$125 billion is grossly inflated, the study estimates. In fact, the study reports, the trade deficit will increase by \$18 billion. The ESI study questions whether there will be any gains at all for agriculture.

The benefit from sales to developing nations has also been overstated, the study asserts. "Greater sales to these nations on this order would require a resolution of the persistent debt crisis and the end of inflation in most developing countries. But these prospects remain highly remote, especially in light of the recent increases in the price of oil. If a Uruguay Round agreement entails significant alteration of U.S. trade laws, the U.S. trade deficit could rise by \$20 billion in the first year after the agreement is signed." This would mean that the total deficit could rise by 33% in one year.

Ecology

Brazilian journalist blasts environmentalism

Brazilian journalist Mauro Santayana, writing in the daily *Gazeta Mercantil* Feb. 7, scathingly attacked the colonialist, racist mentality of advanced-sector elites who are willing to deny technology to the Third World and commit genocide in the name of defending the environment, while pursuing their own economic interests.

The World Wildlife Fund and Friends of

the Earth exemplify such a mentality, he said.

The environmentalist movement, said Santayana, "is used and manipulated by the world's most powerful countries to protect their national interests." Those who, like Britain's royal family, talk of defending the Amazon's environment, "really intend to protect its mineral wealth. Thus, they prevent our development and look toward a future in which [they think] we will be more submissive and more dominated."

The ecology movement is also an assault on Christianity, the Brazilian journalist asserted. "Some Austrian theologians" want to revise Christian doctrine so that "man is no longer at the center of nature, created in the image and likeness of God. Now, all living things are created in the image and likeness of God: the flea, and then moving up naturally to the cobras, spiders, centipedes, and scorpions; not to mention of course, more elementary forms of life such as the virus or retrovirus."

The tendency to love nature more than man has characterized a number of individuals "known for their cruelty," he reported. "Hitler . . . was a vegetarian. Himmler loved Brahmins and hated hunters. It's not necessary to be cruel to animals to show solidarity for humans; to give the same dignity to all beings, thus denying natural evolution, is to deny life."

Pollution

French institute says war caused oil spill

None of the oil spills extending rapidly over the Persian Gulf are the result of "voluntary piracy" by Iraq, but are rather the consequence of fighting in the war, particularly allied bombings, according to the findings of a French institute, CEDRE, which "studies accidental pollution."

Despite U.S. propaganda to the contrary, the French scientists came to their conclusions after thoroughly studying Mir satellite photographs furnished by the Soviet Union, says the newspaper *Journal du Dimanche*.

CEDRE's investigations show that the United States has greatly exaggerated the

amount of oil spilled, which they estimated at around 400,000 to 600,000 tons, as compared to the 1.4 million tons figure furnished by the United States. The level of the catastrophe is, therefore, not six times the Amoco Cadiz spill, as the United States claims, but only twice. A larger spill occurred during the Iran-Iraq War.

According to the French scientists, the spill was in large part caused by allied bombardments: three oil tankers off the coast of Kuwait, containing some 450,000 tons each, were hit from the air on Jan. 19; oil refineries were bombarded on Jan. 20 by English and French bombers; the terminal at Khafji was bombed by Iraqi artillery two days after the war began.

The French press is reporting that CEDRE officials are no longer being allowed into the war zone, because of U.S. anger at their findings.

Italy

Gulf war will hurt economy, says minister

The war in the Persian Gulf will have a dramatic impact on the Italian economy, and it won't be good, according to Italy's Foreign Trade Undersecretary, Paolo Del Mese.

During a meeting of industrialists who do business in the Middle East, he declared, "It is opportune that we confront as a top priority the dramatic situation of having 10,000 Italian export companies . . . that are paralyzed and forced to confront a threat to contracts worth trillions of Italian liras, with worrisome effects on employment."

This statement contradicted the recently expressed evaluation of Italian Foreign Minister Gianni De Michelis, that there would be "a golden post-Gulf war era for Italian enterprises."

Del Mese commented, "It is really paradoxical to speak of a 'golden postwar era' and to plan prosperity when thousands of companies are facing problems of survival."

A source inside the Foreign Trade Ministry, questioned about the Del Mese speech, tried to downplay its importance. The real

problems would arise for Italian enterprises only if the war were prolonged, but, in his estimation, the war in the Gulf will not last more than 15 days.

Transportation

Ruhr industries seek rail route to Moscow

Industrialists in the Ruhr region of Germany have called for rapid development of a Berlin-Warsaw-Moscow rail route and other key routes between East and West, to provide a basis for the vastly expanded volume of traffic they project for the latter 1990s.

The German region's chambers of industry and commerce (IHK) offices endorsed the construction of the following rail routes for high-speed traffic: Paris-London (Channel Tunnel), Ruhr-Rhine (Dortmund-Frankfurt), Berlin-Warsaw-Moscow, and Kassel-Halle-Leipzig.

The IHK initiative also calls for the widening of several key East-West highway routes from four to six lanes—for example, the connection from the Ruhr via Hanover to Berlin, and from Dortmund via Kassel to cities in Thuringia and Saxony.

North America

Mexican-Canadian group attacks free trade bloc

A coalition of Mexican and Canadian groups, including the Ecumenical Coalition for Economic Justice, have published a manifesto against the proposed U.S.-Mexico-Canada free trade agreement which the Bush administration is promoting.

The document, entitled "Final Declaration of the Mexico-Canada Encounter: Social Organizations Facing Free Trade," begins, "The people of Canada and of Mexico have, in recent times, suffered under the aggressive, protectionist, monetarist, and neo-liberal policies

of the United States government."

It reports on the economic hardships suffered by Canada as a result of a year-and-a-half of free trade policies with the U.S. "There have been over 150,000 job losses. The promise of new investment in Canada never materialized. Instead, the net outflow of foreign direct investment capital from Canada has been over \$4 billion since the trade and investment agreement was signed. The promise of respect for national sovereignty over natural resources was broken as Canada lost control over non-renewable petroleum, natural gas, mineral and water resources."

The report documents similar losses for the Mexican economy, which has been subjected to the same strategy.

Opposition to the free trade agreement is also appearing in the southeastern United States. The deputy agricultural commissioner of Florida, Martha Rhodes, has issued a statement against it. Hearings will begin in Congress this month. Bush is trying to put the agreement on a fast track for congressional approval.

Depression

English economies are 'falling off cliff'

Bankruptcies in Great Britain rose 122% in 1990 over a year earlier; in the final quarter of 1990, bankruptcies rose 63% over the fourth quarter of 1989, according to Peat Marwick analysts.

In January, British house prices fell by 1.1%, the largest monthly fall in eight years, with new home starts at their lowest since 1981.

The deepening depression across the United Kingdom prompted Sir Denys Henderson, chairman of Imperial Chemical Industries, commenting on ICI's own collapsing sales, to state, "What has surprised us—all of us—is the speed with which the English-speaking economies have fallen off a cliff. The countries in bad shape are Australia, Canada, the United States, and the United Kingdom."

Briefly

● **CHRYSLER'S** credit rating has been lowered to the junk bond level by Standard and Poor's, which expressed alarm at rapidly declining auto and truck sales. S&P lowered the carmaker's rating to "speculative" grade, and also lowered the ratings of Ford and General Motors.

● **NASA** has requested a 13.6% increase over last year's budget appropriation, or \$15.754 billion, as compared to the requested \$15.1 billion that Congress slashed to \$13.9 billion last year. This includes \$2.028 billion for Space Station Freedom, \$500 million less than last year, due to Augustine Committee recommendations that the station be made simpler and "less costly."

● **CLAYTON YEUTTER**, the outgoing secretary of agriculture, has asked the White House to increase the \$425 million subsidy to the grain cartel known as the Export Enhancement program, apparently as a means of pressuring Europe to end subsidies to its farmers.

● **THE EUROPEAN** Community has granted Israel special trade status under the Europe 1992 arrangements, dropping its previous linkage to a settlement of the Palestinian issue. The move will mean a renewal of scientific exchange programs, and an estimated \$210 million in aid to compensate for economic hardships incurred by the Gulf war. Only a year ago, the European Parliament halted 27 Israeli-European scientific ventures in protest over Israel's closing of Palestinian universities.

● **ASSET-STRIPPER** Harold Simmons was dealt a setback by a U.S. District Court judge Feb. 12 in Los Angeles, who refused his request for a temporary restraining order to put off a Lockheed Corp. annual shareholders' meeting. Simmons must now decide whether he has the votes to make a second attempt to unseat Lockheed's board of directors.