

Business Briefs

The U.S. 'Recovery'

U.S. budget deficit accelerates growth

The U.S. budget deficit continues to grow month by month, putting the United States more and more at the mercies of the international financial oligarchy that owns the U.S. debt.

The government reported on Jan. 28 that, in December, the budget deficit grew by \$15.18 billion. For the first three months of fiscal year 1985, which started Oct. 1, the federal budget deficit grew by \$72.43 billion, compared to \$63.32 billion for same period in 1984 (total deficit for fiscal year 1984 was \$175 billion).

Tax revenues have actually been up, though not nearly at the levels needed. Revenues for the first three months of fiscal year 1985 totaled \$166.15 billion versus \$149.4 billion for the year 1984. Expenditures for first three months of fiscal year 1985 totaled \$238.58 billion versus \$212.73 billion for 1984. The increased expenditures for interest on the public debt negated the increase in revenues.

This by itself proves there is no "recovery" in the United States, whose federal budget would be quickly moving into balance under circumstances of a growing revenue base which would characterize such a recovery.

International Development

Il Popolo boosts Kra Canal

The newspaper of the Italian Christian Democracy, *Il Popolo*, on Jan. 27 published a third-page article on the Kra Canal project, after an interview with Sophie Tanapura, *EIR* representative in Bangkok who was visiting Rome for discussions with government and business leaders. Entitled "The Future Kra Canal Will Connect Three Oceans," the article begins: "A great project for peace,

which has been going on for not more than 10 years, will, when realized, create in the Pacific basin—a key area for the whole world economy—such development conditions that the American economist Lyndon LaRouche did not hesitate to define them as a true 'Renaissance' for the economy of our planet."

The article, written by Filippo Taliotta, who has reported on Schiller Institute and Club of Life activities in the past, goes on to describe the canal project in detail, quoting Sophie Tanapura, "*EIR* correspondent in Bangkok and one of the most important figures in Thailand in the field of economic studies." As *Il Popolo* reports, Sophie Tanapura was recently in the United States and West Germany to present the project.

Food Crisis

Famine in Africa will spread in 1985

According to the December issue of the U.N. Food and Agriculture Organization (FAO) bulletin, "Food Outlook," Africa will face even worse food shortages in 1985 than in 1984. However, the U.N. organization actually *reduces* the amount of food aid that it says Africa needs.

The FAO writes that the food crisis will be especially severe in East Africa, where crops in 1985 are expected to be sharply below last year's very low level. In Ethiopia, Kenya, Sudan, Burundi, Rwanda, Somalia, and Tanzania, food aid needs will rise. The same is true for the Sahel region.

However, for the first time, the FAO reduces the amount of food aid it says several countries need, saying that "logistical constraints" prevent more being distributed. This is the case for Chad, where the FAO says food aid requirements are 125,000 tons. In a footnote, the FAO writes "[This figure is] based on present logistical capacity; total requirement is estimated at 325,000 tons." In other words, the faceless bureaucrats at the U.N. are giving up all pretense of trying to save lives in Africa, simply accepting the fact that food *cannot now* be brought to those starving.

In Ethiopia, an epidemic of cholera has begun, killing hundreds of people in refugee camps—an almost inevitable result of the present policy of bringing food to central points. An experiment has just been done on the feasibility of dropping food into remote areas of Ethiopia: To everyone's surprise, it worked, and hardly costs more than bringing the food in by truck, reports the *London Times* on Jan. 28.

International Credit

Ibero-American leaders call for debt talks

Mexican President Miguel de la Madrid and President-Elect Tancredo Neves of Brazil in late January called for direct debt negotiations between creditor and debtor nations.

Tancredo Neves, on the eve of his meeting with President Reagan on Feb. 1, said, "We have the best relations with the United States. We have no political problems with the United States, only economic ones—the debt, interest rates, and protectionism. . . ."

In answering questions later at the National Press Club, Tancredo Neves said: "High interest rates inhibit investments since they divert resources from production to financial speculation. The interest-rate process is perverse and is imposed upon us unilaterally. . . . As long as we are placed in a position in which we lose control of the economy, we will not hesitate to adopt other political measures."

He had expressed the same concept in stronger terms in Lisbon, Jan. 29, when he told reporters that when he said "debts are paid with money; not with the hunger of the people," this was a message to creditors. He added, "National sovereignty and the country's social stability are two basic non-negotiable postulates which cannot be infringed to please the demands of creditors."

President Miguel de la Madrid, speaking at a state dinner hosted by Indian Prime Minister Rajiv Gandhi in New Delhi, also called for face-to-face negotiations between of the creditor nations and the governments of the debtor nations to solve the debt crisis,

and he warned that the underdeveloped sector cannot accept continued economic stagnation, inflation, unemployment, and inequality.

De la Madrid said that "direct political dialogue" should tackle the problem from the broadest perspective, and create a framework of shared responsibilities to solve the problem. He called for the end of protectionism in the advanced countries and for an expansion of credit for development.

Space

Europeans accept space-station offer

The 11 nations of the European Space Agency decided on Jan. 31 at their ministers' meeting in Rome to accept the offer made by President Reagan to join in the construction of a permanently manned space station by the early 1990s. The Europeans will build their Columbus station module, which will be based on the Spacelab module they have contributed to the Space Shuttle.

The ministers also decided to go ahead with the advanced Ariane launch vehicle, the Ariane-5, which will be a liquid-hydrogen-fueled rocket. These two projects will cost about \$5 billion in the next decade, which will require a near-doubling of the ESA budget by 1995. The Federal Republic of Germany and Italy will take the lead on the Columbus module, and the French on Ariane.

At the meeting, the ministers decided to reserve a decision on "Europeanizing" the proposed French Hermes program, which is a manned mini-shuttle. According to the ESA office in Washington, D.C., the objectives stated by the ministers in approving their long-range plan is for Europe to remain a "major space power" by both cooperating and competing with the United States.

It was noted by observers of the European community that these decisions were taken with surprising "unanimity," even though the *Wall Street Journal* and other decouplers had predicted that the meeting would be a "disaster."

The consequences of this decision reach far beyond the area of scientific cooperation between the Western nations. The pro-Soviet West German Social Democrat Egon Bahr lamented that any real opposition to the SDI will be out the window if Europe is not able to stand up against the U.S. project for a space station and build its own.

Military Technology

SDI organization mobilizing small business

The Strategic Defense Initiative Organization (SDIO), responsible for implementing President Reagan's space-defense policy, has begun soliciting advanced technology proposals from small businesses for 18 areas related to the SDI program, for which funding will be provided in FY85.

This work is part of the Department of Defense's Small Business Innovation Research, which will be submitting contractor proposals to the SDIO at the Pentagon by March 3.

Among the key areas of interest being solicited by the SDIO are sensors for surveillance, acquisition, and discrimination of armed ballistic missiles; space prime power and power conditioning; system survivability and target lethality; computer architecture and artificial intelligence; space structures and materials; high-velocity penetration/destructive devices; directed energy weapons; and kinetic energy weapons.

As these areas of interest are being defined, the SDIO is also identifying key challenges confronting U.S. technology over the coming years. One of these, for example, will be the necessity of tracking up to 30,000 objects employing hundreds of sensors and parallel processing at a rate of 500 million instructions per second.

At the same time, the U.S. military is upgrading profiling of the Soviet anti-ballistic missile program. The Air Force Ballistic Missile Office is beginning a study to investigate possible ways other than nuclear weapons by which the Soviets could disable U.S. ICBMs based in hard silos.

Briefly

● **COLOMBIA** has been ordered by 8 of the 14 members of the creditor-banks' steering committee for that nation to sign up with the International Monetary Fund as a condition for continued financing. The government of Belisario Betancur has so far refused to acquiesce to the demand.

● **MEXICANS** are now consuming only 38 grams of protein per week, barely 8 more grams than starving Ethiopians who, on average, have 30 grams of protein available to them. The Mexican population has seen the virtual disappearance of meat from its diet as a result of measures imposed by the International Monetary Fund. Beef is almost completely unavailable, and pork and chicken are so expensive, at \$3.25 and \$2.50 per pound, respectively, that they are beyond the reach of most.

● **THE BISHOPS** Conference of Latin America (CELAM) and the Latin American Workers' Federation (CLAT), meeting in Caracas in late January, stressed the "dramatic dimensions" of the Ibero-American economic crisis, and condemned the policy of the International Monetary Fund on debt renegotiation. The CELAM/CLAT meeting is taking place to "analyze the Church's social teachings as they apply to Labor in the 1980s.

● **DUKE** University Medical Center announced Jan. 31 that experiments show a new drug may help halt the progression of Alzheimer's disease, a brain disorder that afflicts 1.5 million older American citizens. Preliminary results show the drug, nimodipine, may help improve mental functions of those afflicted. "Nimodipine increases blood flow to the brain and affects the movement of calcium ions in and out of brain cells," said Dr. James Moore. "The results of preliminary tests in humans suggest that nimodipine can help improve intellectual functions of people with the disease."