

# Business Briefs

## *Dope, Inc.*

### **Friedman in major push for legalized dope**

"There is little doubt that smoking and drinking kill far more people than the use of drugs," write "economists" Milton and Rose Friedman in their latest book, *Tyranny of the Status Quo*, which just appeared in paperback. The book, directed to the second term of the Reagan administration, dedicates a six-page section to the need to legalize all drugs. "Our belief that it is desirable to legalize marijuana and all other drugs does not depend on whether marijuana or other drugs are harmful or harmless. . . . We cannot end the drug traffic. . . . Legalizing drugs would simultaneously reduce the amount of crime and improve law enforcement. It is hard to conceive of any other single measure that would accomplish so much to promote law and order."

The dope-pushing Friedman's main channel into the White House is through the Economic Policy Advisory Group, headed by Citicorp chairman and former student of Friedman at the University of Chicago, Walter Wriston. The Advisory Group also includes U. S. ambassador to West Germany Arthur Burns, and Kissinger Associates board member William Simon.

## *Commodities*

### **Saudis hint at further oil price cut**

Saudi Arabia, OPEC's largest and most influential producer, has hinted in a telex to major customers that it may press for a new round of oil price cuts, a spokesman for the Rotterdam oil market said on May 24.

The Rotterdam spokesman said the Saudi state oil company Petromin sent out a telex on May 23 outlining pricing procedures for a cargo of its oil in the event of a change in price.

Spot prices for Saudi Arabian light crude had fallen by as much as \$1.30 a barrel below the kingdom's official selling price of \$28 a barrel, in the days leading up to the announcement.

Traders also said OPEC members Iraq and Iran have been offering discounts of \$3 a barrel on their oil to international oil companies, according to UPI. Saudi Arabia is feeling the pinch of declining oil revenues and has had to scale back some domestic programs and economic ventures.

## *High Technology*

### **New Japanese challenge in fiber optics**

Fujitsu Ltd., communications equipment company, has introduced a new generation of optical fiber.

The state-of-the-art technology, "Fujitsu 810," can transit 810 megabits, or 810 million pieces of information per second on a single pair of optical fibers, hair thin strands of glass.

The speed is twice as fast as that of the most advanced optical fiber systems now in operation in the United States, the vice president for Fujitsu America, Inc.'s telecommunications division, Anant Das, said in an interview.

Such existing systems, with the transmission speed of 405 megabits per second, are offered only by Fujitsu and NEC Corp., also of Japan.

## *Nuclear Energy*

### **India's breeder reactor to start up in August**

India's first breeder reactor using a home-made, unconventional nuclear fuel is expected to start operation in August, the Press Trust of India (PTI) reported on May 16 in New Delhi.

The fast breeder test reactor at Kalpakam near the south Indian city of Madras has been handed over to the operation group for commissioning, the agency said, quoting Department of Atomic Energy sources.

The reactor, based on a French design, originally was meant to use conventional uranium-plutonium oxide fuel, but India had to decide on an alternate fuel as it could not

get the highly enriched uranium from France, PTI said.

When the reactor is commissioned, India will be the first country using a mixture of carbides of plutonium and un-enriched uranium. PTI quoted sources as saying that the fuel had been tested and found to be "even better" than oxide fuel, dispelling initial doubts on its effectiveness.

## *Heavy Industry*

### **Another steel firm, LTV-Republic, closes**

"Staggering losses" have forced the LTV Corporation to shut down most of its giant Aliquippa steel mill in Pennsylvania, laying off 1,300 workers, company officials announced on May 17. The company lost \$25 million in the first quarter of 1985. Aliquippa had been operating at only 20% of capacity.

LTV-Republic was America's second-largest steelmaker. The company will take a \$400 million write-down for the shutdown, and announced it was reorganizing the company and will sell half a billion dollars of its assets over the next 18 months.

Since the end of April, no fewer than five of the Big Seven steelmakers announced bankruptcy, or the sale of producing assets.

LTV is paying more than \$70 million per quarter in interest payments on its \$2.23 billion total debt, most of which was contracted for the merger with Republic Steel.

## *Invisible Hand*

### **Monetarist accused of political torture**

In the trials of former military junta members, taking place in the Argentine capital Buenos Aires, witnesses have implicated former Finance Minister Jose Martínez de Hoz and former members of his economic team in ordering the illegal arrest, interrogation and torture of individuals accused at the time of financing terrorism.

## Briefly

Martínez de Hoz, intimate of Henry Kissinger and the Trilateral Commission, did his best as finance minister (1976-81) to force Argentina to follow an "agricultural vocation" by destroying all industry and technology, as well as the skilled work force.

A famous episode characterizes the finance minister's relationship to terrorism. In September 1976, during a visit to the mountains of Tucumán, Gen. Antonio Domingo Bussi, who led the fight against the ERP guerrillas, made a gift to Martínez de Hoz of the knife he had used in several military campaigns, saying: "Keep it, if only as a paperweight. Keep it so that you will always have in your mind, and will always remember, that while I kill 10 guerrillas in the mountains, you create another 100 with your economic policy."

### Banking

#### Money-center banks target of lawsuits

Georgia Attorney General Mike Bowers has brought a legal action against approximately 15 leading New York investment houses, for having defrauded Georgia citizens, by selling annuities of the Baldwin United Securities firm during the 1981-83 period, even though Baldwin was going bankrupt at the time.

Bowers's chief deputy James Googe said on May 22 that the state of Georgia was pursuing three types of actions against such firms as Merrill Lynch, E.F. Hutton, Prudential-Bache, Shearson Amex, and others: (1) seeking payment to the state of Georgia of brokerage commissions made by selling Baldwin annuities, to compensate defrauded customers; (2) seeking an injunction against the firms, so that if they do it again, they will be subject to contempt powers of the courts; and (3) seeking revocation of their licenses to sell stocks and annuities in Georgia.

In a related development, Chemical Bank is being sued for sabotage by David Paul of Centrust, the second largest S&L in Florida. Chemical sabotaged a real estate deal that a related entity of Centrust was involved in, causing a collapse in the S&L's stock. Cen-

trust S&L has now had to set aside \$11.7 million in loan loss reserves. As a result, Centrust chairman Paul is "afraid that Centrust may go out of business."

### Ibero-American Debt

#### Argentine debt mission skulks off to IMF

An Argentine mission hustled into Washington on the morning of May 25 to urgently negotiate an economic program and new credit with the International Monetary Fund. Included in the delegation were the vice-president and director of the Central Bank, high ranking officials of the finance ministry, and the president of Argentina's Development Bank.

The visit immediately follows the huge demonstration of the CGT labor confederation on May 23 against the policies of President Raúl Alfonsín, where Argentine workers asked the government to focus its "bravado" against "international usurers like the IMF," United Press International reported.

### Austerity

#### Shultz: Mismanagement causes Africa's plight

If it's up to George Shultz, the United States will not only not help Africa to develop, but will force-feed it the international bankers' murderous looting policies. Shultz told the National Association of Manufacturers in Washington on May 24 that the fundamental cause of Africa's plight is economic mismanagement by African governments. While industrialized countries should continue to send food aid to Africa, Africa will have to take major steps to "restructure" its economy, including raising food prices, Shultz said.

Africa and other developing countries "have to create an environment that encourages savings and investment," and have to realize that "attracting foreign equity investments is much more healthy than incurring large debts."

● **GOLDMAN-SACHS** investment firm is under attack, from a San Jose, Calif., grand jury, for conflict of interest in having advised the San Jose municipality in a deal which resulted in a \$60 million bond loss for the city, while "at the same time handling sale and receiving commissions." A leading Goldman-Sachs adviser is Henry Kissinger.

● **IS DON REGAN** "hooverizing" President Reagan? Columnists Evans and Novaks reported on May 22 that "White House Chief of Staff Don Regan has given primacy to the budget bottom line. An administration bent on a Republican realignment has thus retreated to Herbert Hoover's economic policies that ushered in the Democratic realignment."

● **SUDAN** faces worsening famine in several areas, the new Sudanese Prime Minister Gazouli Dafallah is telling government officials of Arab Gulf countries. According to the West German news agency DPA, Dafallah is touring the Gulf this week, accompanied by several Sudanese Cabinet ministers, to seek financial aid from Gulf countries.

● **PANAMANIAN LABOR** leader Rolando Ordóñez has proposed an anti-IMF alliance with the country's private sector, to save local industry from being dismantled on demand of the International Monetary Fund and the World Bank. Ordóñez's proposal came on May 22, after *EIR* analyst Carlos Wesley revealed during a radio program, that as part of agreements with the IMF and the World Bank, Panama would be forced to subject its industry to "free competition" from abroad.

● **"FIDEL CASTRO** has a way to solve the debt," centering on a proposal for a 10% cut of the U.S. defense budget, "to pay Third World debt," reports the *Wall Street Journal* of May 24.