

# Business Briefs

## Oil

### Governors of energy states call for tariff

The governors of six energy-producing states issued a call for a tariff on imported oil, contending that the United States could not have carried out its bombing raid on Libya if America were still dependent on foreign oil.

The joint resolution for a tariff was prepared at an energy summit convened April 15 by Texas Gov. Mark White, and attended by governors from Oklahoma, New Mexico, Wyoming, Kansas, and North Dakota. The states' plea for economic relief will be presented to President Ronald Reagan at a meeting on April 22 in Washington.

The six Democratic governors agreed to a resolution urging Reagan to impose a variable and temporary tariff on crude-oil imports.

"What we need is certainty and predictability that will give us an incentive to find more oil and conserve what we have," Governor White said. "I believe the President will take whatever action is appropriate."

## Debt

### Peru retains policy, despite IMF ultimatum

Peru is rebuilding bridges to creditors, but President Alan Garcia is not relinquishing his policy under which only 10% of export-earnings are allocated to servicing the country's \$14 billion debt. Were Peru to pay all arrears, it would consume 80% of export earnings for at least the next four years.

Peru made its first payment in over a year to the International Monetary Fund (IMF) on April 14. It paid \$35 million of the \$120 million in interest which the IMF said was required to keep Peru from having a big "ineligible" label stuck on it. The IMF backed off from an immediate confrontation with Peru, which could have triggered an explo-

sion of support for Peru from beleaguered debtors throughout Ibero-America.

Instead the IMF gave a new ultimatum: By Aug. 15, Peru must pay all \$180 million in interest then due to the IMF; and, by May 5, it must give the IMF its schedule of payments for doing that.

Peru paid \$15 million in overdue interest to the United States on military and aid loans on April 16; in return, the United States lifted the ban on aid to Peru applied in October of 1985. The central bank head also indicated that a payment of somewhat less than \$35 million would be made to private creditor banks. Bankers responded positively to the idea of Peru's debts not being totally non-performing.

Creditor bankers also grasped excitedly at reports which surfaced April 15 that Peru's 10% limit would expire July 28 and after that the ceiling would be raised. However, two days later, central bank head Leonel Figueroa said his statements had been twisted.

Amid speculation in New York and in Lima that Peru would now become a pliant debtor like Mexico, Argentina, and Venezuela, Garcia uttered a single sentence: "We are going to pay what we can pay according to our means, so that we can develop the country."

## Austerity

### FAO head predicts worse famine in Africa

Edouard Saouma, director general of the U.N. Food and Agriculture Organization (FAO), said on April 11 that Africa's poorest countries would be in worse condition than today in 1990, and more dependent on foreign food aid. He told a news conference that projections showed that 20 low-income, food-deficit countries in Africa would be unable to import food because of foreign-exchange difficulties, despite abundant world supplies of cereal and low prices.

"In real terms, the value of their commodity exports, usually based on a single crop, is dropping," Saouma said. The FAO

chief arrived in Nairobi, Kenya, on April 11 to begin a tour of African countries before the special U.N. General Assembly session on Africa's economic crisis in May.

Saouma said that Africa was expected to be the only region in the world where food consumption would decline by the end of the decade. Saouma urged donor countries to concentrate on helping African countries build up their agriculture rather than dumping food surpluses there in times of emergency. He said fertilizer and other agriculture inputs should replace food aid, adding that in Ethiopia, some 220,000 tons of fertilizer for next year's harvest would produce an additional 1 million tons of food.

## Agriculture

### Talks held on U.S.-EC trade war

U.S. Agriculture Secretary Richard Lyng was in Brussels on April 17 to discuss the escalating agriculture trade war between the European Community (EC) and the United States.

According to Brussels sources, the new U.S. agriculture secretary will meet with leading EC officials in a "cosmetic attempt to lower the temperature without making any fundamental concessions" on the U.S.-EC trade war looming over agriculture exports of grain and high-protein oilseeds to Spain and Portugal.

The dispute erupted in March when the first phase of integration of these two countries into the European Community system of agriculture tariffs and subsidies went into effect. As *EIR* has documented, however, the trade war is actually a well-planned affair, with Trilateral Commission members on both sides of the Atlantic, influencing the agriculture policies of both the United States and European countries, conniving to produce the confrontation. Only the supranational grain cartel can come out the winner.

The head of the West German Grain Trade Association in Hamburg stated with regard to the confrontation over farm export markets triggered by U.S. Trade Representative Clayton Yeutter last month: "It is not

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believable that this problem is arising now, after 10 years of negotiations."

Both Yeutter on the U.S. side and Willy De Clerq, the EC director general for external relations, are closely tied to a Trilateral Commission project to impose the "free market" trade war. Yeutter, as president of the Chicago Mercantile Exchange, assisted preparation of the basic Trilateral strategy document in 1985. De Clerq, a Belgian banker and Trilateral Commission member, escalated things toward confrontation when, on April 15, he responded to a new U.S. initiative from Yeutter by attacking Washington for "Rambo-type diplomacy."

## Housing

### Contractors worry over 'Ginnie Mae'

Homebuilders are worried that the Office of Management and Budget won't push for an extension of the Government National Mortgage Association's borrowing ceiling.

GNMA ("Ginnie Mae") borrows with a federal guarantee to support the mortgage market. Running at double last year's rate, and quadruple 1984's, GNMA ran out of its \$65 billion ceiling in March.

Ken Colton, executive vice-president of the National Association of Home Builders, called administration inactivity on the issue a "back-door attack" on federally supported housing.

Many mortgage rates could rise by half a percent if funding is not obtained, undercutting the housing bubble.

## Narco-dollars

### Most paper money tainted with cocaine

More than nine out of ten \$20, \$50, and \$100 bills are tainted with cocaine, according to the Toxicology Testing Service of Miami. "We're convinced that 95% of the bills out there—at least, the larger bills—contain cocaine," said Lee Hearn of the TTS.

"We've tested 75 bills that have come in from cities all over the country. Everytime somebody takes one out of their wallet and says, 'Here, test my bill,' it almost always comes out positive. . . . Most of the bills from all over the country contained some cocaine, but the largest quantities were found on bills that come from Miami and Los Angeles. Much smaller amounts were on the bills from places like Seattle, Milwaukee, and Pittsburgh."

Terry Hall of TTA said, "It just has to mean that there's an awful lot of cocaine use. If the cocaine on money is an indication of how much exists, it's far beyond an epidemic."

TTS is a Drug Enforcement Administration-registered laboratory that uses a mass spectrometer in its tests. The DEA has conducted similar tests at regional laboratories, and found similar results.

## Aviation

### Budget cuts mean flying is unsafe

The head of the National Transportation Safety Board (NTSB) said on April 15 that the federal government does not have enough inspectors to ensure adequate maintenance of the nation's passenger jets, Reuters reports.

"They're a long way shy of what they need in terms of an inspection force," NTSB chairman Jim Burnett said of the Federal Aviation Administration (FAA), testifying before a Senate panel. Even if 500 more inspectors are hired by 1988, as Transportation Secretary Elizabeth Dole has promised, there would still be a shortfall, he said.

Burnett also said FAA is not paying enough attention to the problem of aging airplanes. During 1985, the international commercial aviation industry had a record 1,622 fatalities. The number of reported near mid-air collisions rose to 777 last year, the FAA said on April 14, attributing the higher figure to better record keeping, not weakening of safety. In 1984, there were 589 near mid-air collisions.

● **VENEZUELAN BISHOP** Ovidio Pérez Morales was quoted in the daily *El Nacional* on April 15: "Only the great powers benefit from the fragmentation of Latin America. . . . I think the debt problem must be faced jointly, by all the Latin American countries. Each one dealing for itself . . . makes it easier for the empires to get what they want. . . . Debt payments have to be in harmony with the country's development. We cannot sacrifice our people to pay the debt."

● **BOLIVIA** paid out 60% of its export earnings for foreign debt in 1985. The flow of foreign exchange for 1985 was negative, and the country became a net exporter of foreign exchange, despite its economic crisis.

● **THE DEATH** of Resorts International chairman James M. Crosby on April 10 leaves uncertain the long-term control of the company, closely tied to Dope, Inc. Crosby and his family controlled about 60% of the Atlantic City-based company's voting stock.

● **LLOYD REUSS**, executive vice president of General Motors' North American car operations, announced on April 10 that GM plans to eliminate one of every four salaried jobs of the current 48,000 in its North American car group by 1990.

● **THE 88,000-MEMBER** United Transportation Union announced on April 11 that it has disaffiliated from the national AFL-CIO. Fred Hardin, UTU president, told the AFL-CIO that the UTU disagreed on various labor issues and the AFL-CIO's support of political candidates.

● **AN IMF** mission arrived in Argentina on April 11 to study the completion of the economic program agreed to by Argentina, according to government sources. In case of satisfactory performance, Argentina will be granted 260 million in SDRs.