

# Business Briefs

## Gold

### Australia could turn sanctions to advantage

The government of Australia revealed on Aug. 4 that it is making a major push to build export sales of its official gold coins to counter sales of the South African Kruggerand, until recently the world's largest gold coin available to private investors. According to Michael Naylor, director of the government gold bullion program, Australia expects to export 100 tons of gold by 1988.

Australia is presently the world's fastest growing non-communist gold producer, increasing production from 39 million tons (metric) in 1984 to 57 million tons in 1985. South Africa produced 673 million tons of gold in 1985, followed by Canada with 86 million tons, the United States with 79 million tons, and Brazil with 63 million tons. The U.S.S.R. produces an estimated 225 million tons, according to Samuel Montagu Bank in London.

Australia's Hawke government has been at the forefront of the demand for sanctions against competitor South Africa. Moreover, according to trading sources in Europe, the recent list of items to be sanctioned by the Dutch government deliberately omits items traded through the Port of Rotterdam, meaning the sanctions produce no negative economic effects on Holland.

Obviously, some countries would find sanctions against Pretoria quite profitable.

## International Trade

### So. Africa threatens its own sanctions

International sanctions "will reduce the country's capacity to service its foreign debts," South Africa's finance minister, Barend Du Plessis, threatened on Aug. 6. This, he said, will have to be taken into account in future negotiations with creditors, and predicted that the Botha govern-

ment would "be forced into introducing protective measures. A country that is not permitted to export can obviously not continue to import."

South Africa has also begun to throw sanctions of its own at its more unfriendly neighbors, slowing the flow of exports to the outside world from Zambia and Zimbabwe, black states at the forefront of the campaign for sanctions against Pretoria. Since Aug. 4, trucks and trains ferrying goods from the two countries for transit through South Africa have been subject to time-consuming inspection, freight agents at a key border post reported. They depicted the measure as only a small show of Pretoria's power to disrupt the flow of trade and supplies to black states reliant on South Africa's transportation network.

On Aug. 5, Foreign Minister Pik Botha officially announced tighter trade controls with black states, which he said would make Zambia and Zimbabwe "put their money where their mouth is." Zimbabwe had signed a new preferential trade agreement with Pretoria only days before the Aug. 3-5 Commonwealth "mini-summit," at which Zimbabwe's Robert Mugabe led the pack demanding new sanctions on Pretoria.

## Technology

### Princeton attains record fusion temperature

Fusion scientists at the Princeton Plasma Physic Laboratory in New Jersey produced a record 200 million degree Celsius plasma temperature in mid-July in their Tokamak Fusion Test Reactor (TFTR).

In addition to setting a world record, greatly surpassing their 60 million degree breakthrough of 1978, the temperature is 10 times hotter than the center of the Sun, and greater than what is needed for a commercial fusion power plant.

John Clarke, the head of the Department of Energy's magnetic fusion program, stated, "We now have a realistic possibility of

providing a steady-state fusion reactor, based on the tokamak." Clarke also stated with optimism that he expects a practical fusion reactor to be possible within 15 years.

Lab director Harold Furth also announced that in a separate experiment at a lower temperature, scientists were also able to magnetically confine and control the fusion plasma fuel. The key to fusion of the nuclei of isotopes of hydrogen is to heat the plasma while successfully confining it to achieve very high density. When the Lawson Criterion, which depends upon the energy density and confinement time, is met in a single experiment in the TFTR over the next year, energy breakeven in fusion will be obtained for the first time in history.

Furth warned, however, that the effort at Princeton could be severely hampered if Congress further cuts the budget for fusion research.

## Development

### West Germany to give aid to Peru

West Germany's cooperation minister, Jürgen Warnke, arrived in Lima, Peru Aug. 3 for a week of discussion on aid for some 50 projects planned by the government of President Alan García.

Among the projects under consideration for West German aid will be the big Jequetepeque irrigation project under construction in Peru's rice area.

In his July 28 independence day speech and an interview with Mexico City's *Excelsior* newspaper, President García cited a \$100 million German loan signed a few months ago as a model of how money should be lent. The terms set between the two nations are 28 years to maturity, with 12 years grace, at an interest rate of only 2-3%.

Warnke invited García to visit West Germany to discuss "increased development cooperation." Rumors have it that Bonn wants to urge García into a more conciliatory position toward the International Monetary Fund and private creditors, in exchange for increased technical and agricul-

tural aid from Germany. But that, say observers, is unlikely to be accepted by the Peruvian President.

### **Free Enterprise**

## **California officials hit money-laundering**

Los Angeles Mayor Tom Bradley and District-Attorney Ira Reiner have joined banking officials in California in pledging support for proposed legislation outlawing drug money laundering.

"California has now become the money-laundering capital of the country," said Bradley at an Aug. 4 news conference. "The reason . . . is that Florida . . . has passed a tough financial transaction bill," Bradley added. Officials estimate that up to \$20 billion in cash from illegal drug deals passes through California banks.

Commenting on one of the two bills now being considered, District-Attorney Reiner said: "This bill will make [accepting the money] a crime." Reiner added: "Clearly one of the key elements is to deal with the major drug dealers. They are never near the drugs, they are always near the money. What that means, if you are going to go after them, you are going to have to go after the money."

### **Energy**

## **Louisiana's Edwards asks oil import tax**

Louisiana Gov. Edwin Edwards, whose state has been hard hit by the drop in oil prices, has called for the United States to impose an import tax on oil or face almost total dependence on foreign oil.

"With the exception of a few states like this one, the low oil prices have been temporarily good for the nation," Edwards told the National Conference of State Legislatures on Aug. 4. But the oil producing states have been financially devastated by the low

price, with Louisiana losing roughly \$50 million for every dollar drop in the barrel price for oil.

"Unless we do something, by 1990, we'll be 85% dependent on other countries for oil. . . . We're facing another 1973 when we were so dependent that other countries could do what they wanted."

### **'Common Market'**

## **Brazil, Argentina integrate for the IMF**

Twelve protocols were signed by Argentina's Raul Alfonsín and Brazil's José Sarney on July 29 in Buenos Aires outlining the following areas for integration of the economies of the two countries:

Capital goods, agriculture, trade expansion, creation of bi-national companies, creation of investment funds, energy, biotechnology, economic studies, immediate information and reciprocal assistance in the event of nuclear accidents or radiological emergencies, cooperation in aeronautics, and special financial arrangements.

Alfonsín is so enthusiastic about the agreements with Brazil, that he told his aides that he now wants to establish contacts with Mexico, as soon as possible, says July 27's *O Globo* of Brazil. This would be the basis for a real Latin American Common Market, Alfonsín says.

In fact, the agreement was arranged by the very International Monetary Fund which has strangled both nations' economies, most recently through devalued-currency plans called the Austral Plan in Argentina, and the Cruzado Plan in Brazil. What has been integrated are these economic austerity policies.

Argentina's *Somos* magazine took note of this in its July 23 edition, saying: "Behind the agreements for Brazilian-Argentine cooperation and integration, there is one objective: the mutual consolidation of the Austral and Cruzado plans." Food shortages in Brazil are creating problems for the Cruzado plan's price control system, while in Argentina, price increases require increased imports to bring prices down.

## **Briefly**

● **ITALY** may soon be a U.S. research partner in the Strategic Defense Initiative, according to Reagan administration officials. Published reports in Italy suggesting that a government-to-government agreement was not far away appear to be correct. "They want the high-tech business and appear to be ready along with Japan to take part." On Aug. 5, the Italian press reported that three Italian firms would get SDI contracts: Fiat-Snia Bpd, Contraves, and Selenia.

● **FOUR MORE BANKS** closed in the United States the first week of August, bringing the total for the year to 83. Eden State Bank became Texas's 13th failure this year. The Citizens State Bank of Iowa Falls was Iowa's 9th. Gering National Bank and Trust was the 5th for Nebraska. No totals were given for Oklahoma in the UPI wire that announced the closing of First National Bank of Cordell. Only the Texas and Nebraska banks will reopen under new ownership.

● **A PLAGUE** of insects has struck the Aveyron region of France, in the wake of the second year of an extraordinarily severe drought. The pest is a kind of large grasshopper, which has already devoured autumn grain plantings.

● **CARLOS ANDRES PEREZ**, former Venezuelan President, stated on Aug. 6 that it is impossible for Ibero-American countries to continue paying their debts under current conditions without falling under military dictatorships. He called for fixed interest rates and limiting of payments to a percentage of non-oil export earnings.

● **'CORPORATE DEBT** of companies and industries in certain OECD countries is far more serious than Third World debt," a London financial analyst told *EIR* on Aug. 7.