

# Business Briefs

## **International Trade**

### **U.S., Europe reach last minute agreement**

The United States and Europe reached a tentative, last-minute compromise on U.S. farm exports, avoiding the imposition of stiff U.S. tariffs on European Community food and wine imports that were to go into effect on Jan. 29.

EC representative Willy de Clercq told a news conference in Brussels that the new agreement must be ratified by both sides.

Under the agreement, the Europeans would open to the United States and other nations a quota of 2 million tons of corn and 300,000 tons of sorghum at reduced levies for the Spanish market. De Clercq said he accepted the compromise as a "political solution" to avoid a trade war, not because he recognized the United States's right to compensation.

The trade war has been organized by the Trilateral Commission on both sides of the Atlantic. The objective of the commission's policy was spelled out Jan. 29 by commission member Luis Solana, head of the Spanish telephone utility. Writing in *El Pais*, Solana stated that the big problem is finding a market for both U.S. and European products: "The new leadership of the U.S.S.R. has the ability to offer a new economic Yalta of incalculable value to the Western world. . . . Western leaders can get a new market, in exchange for technology."

## **Biological Holocaust**

### **Brazil now in second place in AIDS cases**

The magazine *Veja* reported the week of Jan. 26 that Brazil is in second place worldwide in number of AIDS victims.

The extensive report charges that blood banks are not carrying out the necessary tests to safeguard the blood supply as ordered by the government.

The government's plan, to distribute

condoms among homosexuals and issue posters that the Catholic Church has already denounced as pornographic, has already prompted at least one lawyer to sue the ministry of health for promoting homosexuality in its "anti-AIDS" campaign.

Says the lawyer, Otilio Macedo, from the state of Minas Gerais, "If these campaigns were brought into the schools, they could influence youth toward homosexuality. Besides, no one is talking about the abnormality of homosexuality. It discredits sex between men and women and induces youth to think that contact among men is normal, and without authority urges a youth to use contraceptives. . . . These campaigns run the risk of encouraging homosexuality."

## **Nuclear Power**

### **Greens try to shut Mexico's first plant**

Mexico's enemies of scientific progress had promised to form 40,000 people into a "human wall" to prevent Mexico's first nuclear energy plant at Laguna Verde from opening Jan. 24.

But only 3,000 "tortilla greenies" showed up. As usual, the anti-nukes exaggerate.

Before the demonstration, Genaro Guervara Cortina, coordinator of an anti-nuclear group in Xalapa, Veracruz, said that Sergio Mendez Arceo, the "Red Bishop" of Cuernavaca, plus existentialist author Octavio Paz and a grab-bag of other Mexican literati, would participate. The Communist Party was present in force. The anti-nukes strung a hand-woven rope across the plant entrance to symbolize their intention to stop the most advanced technology in Mexico today. But the "human wall" failed to materialize.

The next tactic, organizers announced, is to encourage people living near the plant not to pay their electric bills.

Most Mexicans are not influenced by this anti-science mob. The Confederation of Mexican Workers wants to build 20 nuclear plants across the country, and the Federal Electrical Commission answered the "greenies" by proposing a third nuclear unit at Laguna Verde.

## **AIDS**

### **German health officials launch condom campaign**

The West German health ministry has placed a set of new AIDS ads in mass-circulation newspapers: "Fun is still harmless, if two people are drinking out of the same glass," one ad says. "If you kiss somebody, if you cough in someone's face, if you shake hands, if you go swimming—there is no danger of getting infected by AIDS.

"It becomes dangerous, if the fun continues. . . . Every sexual contact with unknown or changing partners is dangerous. Secure yourself and your partner. Confidence is good—condoms are better. Dying of AIDS is horrible; condoms are irreplaceable."

The German Protestant Evangelical Church (Lutheran) supports the health ministry's AIDS advertisement campaign, in contrast to the West German Catholic Bishops Conference, which attacked the advertisements. The Lutherans stated that they saw no reason to attack the government because of its AIDS campaign, and defended Health Minister Rita Suessmuth.

The bishops stated: "Sex with unknown and changing partners is unworthy of a human being. We refer to the connection of sexuality and human dignity. In the area of sexuality, the human being is not allowed to do everything, whatever the sexual drive wants him to do. Decency and moderation belongs to human sexuality, in order that man is not governed by the sexual drive, but that man command this drive."

## **Trade War**

### **U.S. threatens Japan over surplus**

The U.S. Commerce Department threatened Japan that it would enforce a rising yen and economic recession on Japan if Tokyo fails to cut its huge trade surplus. Bruce Smart, commerce undersecretary, said, "Ja-

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pan has two trade policy options—continued prosperity based on increased home consumption in a market that actively welcomes imports, or recession with falling exports induced by a rising yen.”

While the United States tries to bring Japan down to American levels of deindustrialization, Japan persists in doing all it can to prop up the tottering U.S. credit structure. The Japanese have been the principal purchasers of U.S. Treasury Bonds for some time now, and beginning in mid-1986, Japanese banks shifted their tactics for doing so, according to the Bank for International Settlements (BIS) in Basel, Switzerland. The meaning of the shift is far from clear, but the fact is clear. Japanese banks have begun using borrowed dollars to finance purchases of U.S. Treasury bonds rather than selling yen to buy them.

BIS member banks are reportedly concerned that this shift has increased the vulnerability of the U.S. bond market to a Japanese fund withdrawal. The financial cross-over would occur at the point the dollar borrowing cost to Japanese banks outweighs the return from holding U.S. bonds.

In fact, Satoshi Sumita, governor of the Bank of Japan, recently delivered an “exceptional” warning to Washington on the dollar. Addressing a private seminar in Tokyo Jan. 28, Sumita “called on U.S. officials to refrain from making remarks that would lead to a higher yen.” Statements by Treasury Secretary Baker and President Reagan, not to mention the recent utterances from the Commerce Department, have sparked flight out of the dollar recently.

### Monetary Affairs

#### Bretton-Woods group hears debt proposals

The annual meeting of the Bretton Woods Committee on Jan. 21 in Washington, D.C., became the platform for at least two more proposals which purport to give debt relief to Third World nations.

One Bretton Woods Committee panel was titled “Debt and Development.” The moderator, Undersecretary of State John

Whitehead, stressed the political and social problems of the debt and said the major concern should be “how to get development in the LDCs,” or Less Developed Countries.

Japanese Vice-Minister of Finance Toyoo Gyohten stressed that the problem of “LDC debt is nothing but a problem of economic development in the debtor countries.” Helmut Schlesinger said that a “fundamental solution to the debt crisis is not yet in prospect,” and stressed that “debtor countries must be given a chance to pay by exports.”

Inter-American Development Bank President Ortiz Mena said a plan like that of J.M. Keynes at the end of World War I, for a five-year grace period for the Central Powers debt—not accepted then—should be proposed today.

### Free Enterprise

#### Colombia's Barco attacks drug bankers

Colombian President Virgilio Barco, whose government is engaged in an all-out military war on drug producers and traffickers, has demanded that foreign governments force their bankers to stop laundering drug-money.

Speaking to the diplomatic corps in Bogota Jan. 29, the Colombian President stated: “So long as some countries continue to allow banks and financial institutions on their territory to be a refuge for blood-stained dollars that are the fruit of crime, the battle against this scourge cannot be won in Colombia. . . .”

“To fight a problem like this, which is a threat to the human condition itself, we need concerted international action. An isolated fight by a few countries is not enough.”

Barco did not mention the United States government by name, but it is very well known that the U.S. banking system is the world's premier drug-money laundry, ever since the current White House chief of staff, Donald Regan established the necessary mechanisms while serving as chief executive at Merrill Lynch in the late 1970s.

● **A LOCUST PLAGUE** has hit Ayacucho, Peru, part of the country whose rural areas have been under the control of Shining Path narco-terrorists. The insects have eaten crops in several valleys around the city and the entire corn crop in some places. The agriculture department has directed the eradication effort, catching the insects by hand “until they can be fought under better conditions,” according to regional agriculture director Ramiro Carrasco Ruiz.

● **THE BRITISH** Trade Unions Council, for the first time in 40 years, will be sending an official delegation to the Soviet Union in February to meet with Soviet trade union leaders. According to the Jan. 29 *Daily Mail*, TUC General Secretary Norman Willis will lead the delegation.

● **JAPAN'S** unemployment rate is now 2.8% of the work force, its highest level since 1953. Unemployment rose from 2.6% in 1985, because of the slump in Japanese exports abroad. Since the rising yen has not yet had an effect on the economy, unemployment is expected to rise further in 1987.

● **SECRETARY OF STATE** George Shultz praised Mexico's high interest rates Jan. 29 during a meeting in Washington with his counterpart, Bernardo Sepulveda. He said it was of “immense significance” for Mexico's future that the high rates had brought \$1.5 billion in flight capital back to Mexico last year.

● **THE UNITED STATES** announced a record \$169.8 billion trade deficit for 1986, with economists predicting better times ahead and the dollar surging up against all major foreign currencies in New York trading. The reason? December's deficit was the lowest monthly figure since March 1985, thanks to fewer imports.