

Business Briefs

Development

Japan offers Filipinos loans for real growth

The Export-Import Bank of Japan April 27 offered the Philippines a large loan, on conditions directly opposite to those of the World Bank and International Monetary Fund. The money must be used for development of the physical economy.

The \$300 million loan offer requires that the funds be used for specific development projects, and not for budget support or what the IMF and World Bank are fond of calling "structural adjustment" in the economy—i.e., austerity.

According to London's *Financial Times*, Philippine Finance Minister Jaime Ongpin had wanted the Japanese loan to be used, along with a \$300 million loan from the World Bank obtained last month, to support the Philippine government budget.

Precious Metals

Peru and Mexico coordinate on silver

The heads of the Peruvian and Mexican central banks met in Lima April 24 to coordinate their actions on silver. The countries are leading world producers.

Mexico intends to diversify use of silver and use it to back up the issuance of currency and treasury bonds. Peru will suspend overseas sales, but offer silver freely in the country to stimulate domestic savings.

Silver prices continue to rise on international markets and are now at \$9.45 an ounce.

Peruvian President Alan García says that if the price merely stays at that level, in a year Peru will have saved \$240 million, the equivalent of what Peru has spent in the last three years for imports of wheat.

García also stated that the suspension of foreign sales of silver was a "sovereign and anti-imperialist decision similar to that adopted two years ago on the foreign debt," and shows "how a small country with a nationalist vocation, and in defense of its in-

terests, can generate movements in the international markets. If a country submissively and silently accepts the laws of the world market, it will be enslaved by that market, and sell cheaply the effort and sweat of its workers; but if, in a nationalist and Latin American manner, it imposes conditions, it can make the work of its citizens worth more in the world."

He warned that Peru has the means at its disposal to counteract any effort by the OECD nations to manipulate the price back down.

Trade War

Baker stays home for Nakasone

Treasury Secretary James Baker cancelled his scheduled trip to Australia at the end of April because of "pressing business" at home, presumably the visit of Japanese Prime Minister Yasuhiro Nakasone, according to Reuters April 26.

The wire service quotes an unnamed Treasury Department spokesman, who said: "I would not draw any conclusion from the cancellation. . . . I would just say it's the press of business." He said that that Nakasone was "part of the press of business," but denied that the cancellation was linked to current turmoil on financial markets.

Baker was to have left for Australia April 30 and returned May 6 on what was described as a "purely ceremonial" trip.

The Debt Bomb

Journal admits Vatican role in crisis

The *Wall Street Journal* editorialized, seemingly favorably, on the Vatican's late January statement on the debt of developing nations, saying the document an "immediate effect on public policy."

Says the *Journal*: "The statement by the Pontifical Commission for Justice and Peace proposes measures aimed at 'relaunching

growth' and reducing protectionism." It quotes the Vatican document: "Improved growth rates will make it possible to meet foreign debt commitments"; "the creation of wealth is to be encouraged in order to ensure a broader and more just distribution among all."

"There are interventionist arguments in the essay with which one might seriously disagree," the *Journal* continues, "but to cite them would miss the statement's real significance. The point is that the Vatican has decided to join the real debate. . . . This statement makes it clear that the Vatican and the U.S. Conference of Catholic Bishops are walking different paths on the role and purpose of economics. . . . It's clear that the professional staff producing ideas and congressional testimony for the U.S. bishops is working from a model committed to government-led redistributions of economic wealth."

The *Journal* then makes the curious claim: "The Vatican's staff . . . is moving toward the center, trying to integrate its goals with the obvious success of market-based economies."

"The importance of the Vatican's new emphasis could be considerable. Many heavily-indebted countries—Argentina, Brazil, Chile, Mexico, the Philippines—have large Catholic populations whose bishops play leading roles in forming attitudes toward public policy. . . . John Paul is now preaching something different [than 19th-century socialism]. Instead of a hindrance to economic progress, it sounds helpful."

Public Health

U.S.S.R. launches mass AIDS testing

Some 105 cities in the Soviet Union have set up laboratories with special equipment to test for AIDS, and 300 such test centers are planned by 1990, according to a *Financial Times* correspondent, reporting from Moscow April 26.

He quotes from the Soviet medical weekly, *Medizinskaya Gazeta*, in which Russia's Dr. Khyabich, deputy health minister, admits that many Soviet leaders are

worried that their country's endemic lack of disposable syringes adds to the risk of catching AIDS.

"It is not unknown for Westerners seeking blood tests at Moscow hospitals to take their own disposable syringes with them, only to have them pocketed by the doctor who uses the re-usable kind on them," says the *Financial Times*.

Disease

AIDS scare hits Mexico

Panic over the spread of AIDS is beginning to spread in Mexico. Among the items recently reported by wire services are:

- The two leading mid-day newspapers in Mexico City devoted their lead headlines: "AIDS: CNC [National Peasant Confederation] demands clinical exams of Simpson-Mazzoli deportees," and "AIDS is already corrupting us. Mexico is on the high-risk line."

- *El Sol de Mexico* says health officials are maintaining total secrecy about rumors of 718 cases of AIDS in the vast, densely-populated Nezahualcoyotl section of Mexico City: "Leaving aside contagion from homosexuality, AIDS can present itself through manicurists, barbers, hair stylists, acupuncture, ear piercing, etc., . . . improperly sterilized dentists instruments, as well as vaginal and nasal secretions, throat infections, sweat, saliva, and maternal milk."

- The health director of the notorious Acapulco jet-set resort on Mexico's Pacific Coast has declared that the town is AIDS-free—but hasn't been able to convince anyone of that unlikely fact.

Comecon

Soviets unhappy with economic results

Soviet leaders have been expressing their displeasure with the economy's poor performance so far this year.

The April 26 *Pravda* carried a lead article with statistics, released April 24 by the Central Statistical Board, showing a very poor first quarter economic performance. *Pravda* extensively criticized economic results, a theme which has been picked up lately by traveling Kremlin leaders.

Moscow Party boss Boris Yeltsin, speaking in Sofia, Bulgaria, denounced the "failures and shortcomings" of the Soviet economy, and was also critical of Bulgaria's economic performance.

Soviet Politburo ideology boss, Yegor Ligachov, speaking in Budapest, Hungary, had nothing but praise for the Hungarian economic model, and its "utilization of methods of economic leadership . . . and the financial, banking and price formation system of Hungary." Hungary has recently been offering its services to Western speculators as a "deregulated" banking system available for dirty-money laundering.

Technology

Big breakthrough in gamma laser

A major advance in the gamma ray laser project has been reported from Texas. Laser researcher C.B. Collins, a physicist at the University of Texas at Dallas, reported a big step forward in the development of the gamma ray device at the spring meeting of the American Physical Society in Toledo in mid-April.

The technology is one of the lines of investigation being pursued for anti-missile weapons in the President's Strategic Defense Initiative program.

A typical gamma ray laser, said Collins, would theoretically be able to produce a peak power output of three trillion billion watts. The total electricity-generating capacity of all the world's commercial power plants is only 2.3 trillion watts.

Collins and his associates also reported progress toward development of very intense sources of x-rays needed for the study of gamma-ray laser materials.

Ironically, the same meeting heard some scientists denounce mooted plans for early deployment of the SDI, saying it was not feasible in the near future.

Briefly

- **THE SOVIET UNION** has agreed to buy four million metric tons of bread-quality wheat this year, Agriculture Secretary Richard Lyng announced April 30. The sale is equivalent to about half of last year's crop in Kansas, and will be carried out under a subsidy program designed to recapture markets lost to subsidized competition, principally from the European Community.

- **SALLY SHELTON-COLBY**, wife of former CIA chief William Colby and an adviser to several American banks, declared during an April visit to Mexico that an "economic recovery" was in full swing in that debt-strangled country, thanks to President Miguel de la Madrid. Meanwhile, government figures showed first-quarter demand for steel down 17%.

- **RICHARD GEPHARDT**, presidential hopeful and author of the worst piece of trade-war legislation since the notorious Smoot-Hawley bill, told an audience in Iowa April 24 that the Reagan administration's "pursuit of arms" had "busted the budget" and "broken the back of American agriculture and many a basic industry. . . ." What the defense connection is, he did not make clear.

- **THE BANKS** that receive the most money from drug trafficking are Crédit Suisse, White Weld, Bank of Boston, and Merrill Lynch, Bolivian Sen. Daniel Cabezas told EFE, the Spanish press agency, in Rio de Janeiro. Cabezas is part of a Bolivian delegation touring Brazil, Argentina, and Peru to organize a Latin-American Parliament meeting to discuss drug trafficking.

- **THE TOKYO** Stock Market was hit with the largest one-day fall in its history, 850 points, on April 26. A London observer said this is a definitive signal "that the worldwide bull markets in stocks are over. We can expect now an overall bear market for a very long time to come."