

Business Briefs

Energy

Solar reactor meets happy end

An experimental solar energy plant in the eastern Pyrenees in France was using up more electricity than it could possibly output—as was predictable from elementary facts of energy density. Therefore, the developers of the plant abandoned it in July 1986.

Now, it will be converted into a useful scientific facility, a gamma-ray astronomical observatory, replacing the 200 plane mirrors with parabolic mirrors. *Nature* magazine reports that the conversion of the plant will save 60% of the construction costs of a new observatory.

The Black Economy

EIR releases documents on Peruvian drug banks

At a press conference at the Lima office of *EIR* on Aug. 14, correspondent Luis Vásquez released documentation proving the direct involvement in drug money-laundering of some of Peru's top banks. The evidence—including photocopies of bank papers showing million-dollar cash deposits by drug traffickers in the bank branches in jungle regions—was the subject of *EIR*'s cover story last week.

Vásquez defended President Alan García's decision to nationalize the commercial banks, and said that "narcotics traffic on the international level or in a country cannot subsist or expand if there is no banking system which supports it and a liberal economic policy."

The evening before the press conference, *EIR*'s office received a telephone death threat, from a male caller who said, "We will kill you," and then hung up. The call was received after the distribution of a press release inviting journalists to the press conference.

The press conference was attended by all the main radio, television, and print media in Lima.

Shipbuilding

U.S. yards are turning into waste dumps

Todd Shipyards Corp., the largest independent shipbuilder in the United States, has filed for bankruptcy, after failing to get enough business from the only buyer left in the United States, the U.S. Navy. The company owes \$160 million to the banks, and has not been able to secure workers' compensation insurance beyond Sept. 1. Without the insurance, it will have to close down all operations.

Quincy Shipyards, which shut down in 1986, has been sold to the Massachusetts Water Resources Authority for \$49 million and will be used as a staging area for the Boston Harbor clean-up mandated by the Environmental Protection Agency (EPA). It may also be utilized as a sludge-burning plant for the city of Boston.

This would foil the plans of the shipworkers' union to buy the yard and build ships there again. The corporation set up by the 4,000 former employees of Quincy Shipyards bid \$15 million for the site, but the bid was rejected as "unreasonably low."

Dirty Money

Probe Drexel, Burnham ties to casino gambling

Drexel, Burnham Lambert, the Swiss-Belgian "junk bond" firm, is under investigation by the New Jersey Gaming Commission for its heavy involvement in Atlantic City gambling casinos, the *London Financial Times* reported Aug. 17.

Drexel, which finances leveraged "junk bond" buyouts on Wall Street, has underwritten more than \$2 billion in securities for the Golden Nugget, Caesar's World, and Bally, according to the report. The investigation is described as "something of an embarrassment to Drexel, Burnham, which is at the center of a lengthy investigation by the SEC and Justice Department for possible insider trading."

Eastern Europe

Poland hit with medicine shortage

Caught in the vise of austerity demands from both the International Monetary Fund (IMF) and the U.S.S.R., the Polish government has for the first time officially acknowledged a serious shortage of medicines.

The Polish press reports that, of the 2,300 most needed medicines, 1,000 are lacking entirely. Of those, some 70% are medicines which were previously imported from the West. The worst shortages include vitamins, medicine for treating circulatory ailments and cancer, and antibiotics.

The IMF's austerity program has also worsened the situation in Yugoslavia. The government has lifted the ceiling on the price of bread, which led to a black market and shortages of black bread for the first time since the early postwar years.

Biological Holocaust

AIDS meeting debates insect transmission

At the First International AIDS Conference in Sao Paulo, Brazil on Aug. 18, a heated debate broke out over the question of whether the AIDS virus can be transmitted by insects.

Dr. Mervyn Silverman of San Francisco, president of the American Foundation for AIDS Research, rejected the hypothesis of such transmission out of hand, asserting as "proof," that children and old people in Africa are not getting AIDS.

Silverman was vigorously countered by Dr. Ricardo Veronesi of Brazil, the former health commissioner of Sao Paulo, who said that 15% of African children do indeed have AIDS, and that infectious anemia, a disease similar to AIDS, is known to be transmitted between horses by insects.

Veronesi told the story of yellow fever at the beginning of this century. One Dr. Finley said it was transmitted by mosquitoes, but his critic, Dr. Carrol, ridiculed him,

and allowed himself to be bitten in order to prove the point. "Three days later, he got the disease."

The two newspapers sponsoring the event, *O Estado de São Paulo* and *O Globo*, failed to report whether Silverman volunteered for the AIDS mosquito bite test.

Silverman, an official of the California Medical Association, was a leading opponent of Proposition 64, the 1986 ballot referendum which would have declared AIDS a communicable disease. The referendum was defeated, following a multimillion-dollar advertising campaign against it.

Inventions

Foreigners apply for half of U.S. patents

Foreigners, led by the Japanese, applied for almost half of the patents granted by the United States in 1986, Patent Commissioner Donald J. Quigg said Aug. 8. "For too many years, we have done far too little to ensure that by our next centennial, one of our most precious national treasures, the American inventor, will still be a surviving species," Quigg told the American Bar Association, according to the *Japan Times* Aug. 10.

In 1986, U.S. citizens were granted 38,124 patents, while foreigners—two out of five of them Japanese—got nearly 33,000. Quigg said that 20 years ago, U.S. inventors were issued 50 times the number of patents as Japanese, but the ratio has shrunk to 3-to-1 now.

Agriculture

Worst drought in decades hits Asia

The drought which is sweeping south and southeast Asia is causing extensive crop losses in several nations:

- **India:** The drought is considered the worst in 80 years, and the summer grain crop is expected to be 90 million tons short.

The government has decided to rush 23 million tons of reserve stocks into the countryside. Whole villages in the states of Rajasthan and Gujarat in the west of India have begun moving about nomadically in search of water.

- **Thailand:** Rice paddy output will be cut by 2 million tons, leaving only about 14.69 million tons for the harvest later this year, according to a report of the Office of Agricultural Economics. The 14% decrease compared to last year will not cause a shortage of rice for domestic consumption, because the commerce ministry has about 5 million tons of rice in stock. But it will reduce the supply for export, the report said. The drought has also damaged maize plantations, and it is expected that maize output will be about 3.6 million tons, a decrease of about 700,000 tons from last year.

- **Vietnam:** The ministries of Agriculture and Food Industry, Energy, and Water Conservation issued a joint statement reporting that over 200,000 hectares of land in the north have been hit by drought, and 305,000 hectares in the south.

- **Kampuchea:** The drought is the worst in a decade, and now the weather bureau is forecasting possible floods later this year.

The Debt Bomb

Brazil's Funaro rejects deal with the IMF

Former Brazilian Finance Minister Dilson Funaro told a select group of leaders of the PMDB party in Brasilia on Aug. 18, that the government should abandon its search for a deal with the International Monetary Fund.

"If Brazil were to go to the IMF," he said, "it would let the creditor nations escape having to recognize their responsibilities for the crisis and the situation of the debtor nations. . . . Worse than making a formal agreement with the IMF, is voluntarily making the adjustments the Fund asks. . . . There is no possibility for development in a country which transfers 5% of its GNP to service the debt. . . . We hold that Brazil cannot pay more than 2% of its GNP without being incapable of implementing a development policy."

Briefly

- **THE GENERAL** Accounting Office recommended that the U.S. Congress earmark \$612 million for AIDS in fiscal year 1988, in a report released Aug. 12. The sum is more than double President Reagan's request of \$247 million.

- **HALF OF AMERICA'S** machine tools are now imported, against 20% in 1978, and U.S. makers are "just hanging on," according to an executive of Monarch Machine Tool of Sidney, Ohio. The Japanese are opening six machine-tool assembly plants in the United States.

- **THE PENTAGON** has started building a multibillion-dollar computerized complex whose prime purpose will be to carry out computer simulations of the Strategic Defense Initiative, the *New York Times* reported on Aug. 16. The National Test Facility will compile all SDI test results in order to produce a unified picture of the system's effectiveness.

- **THE FALLING DOLLAR** has shifted a large part of the cocaine trade to Europe, a U.S. Drug Enforcement Administration official said in Brussels Aug. 19. According to the *London Daily Telegraph*, Ibero-American drug traffickers can now sell 6.6 pounds of cocaine in Europe for the same price they get for 22 pounds in the United States.

- **GM** announced new, "indefinite" layoffs of 2,700 Aug. 20, bringing their total laid-off workforce to 50,000. The new "production schedule adjustment" will remove the second shift at GM's Wentzville, Missouri plant, effective Oct. 19.

- **THE U.S. TREASURY** Department abstained from a vote Aug. 18 on an African Development Bank loan to Botswana for a slaughterhouse for cattle, citing the negative environmental impact of the project. The bank approved the \$7 million project, despite environmentalist arguments that the slaughterhouse would encourage cattle raising and therefore deplete the grazing land.