

# Business Briefs

## **The Deficit**

### **Trilaterals call for U.S. 'perestroika'**

Speaking to a conference in Siena, Italy sponsored by the Monte de Paschi bank, Lord Eric Roll, a founding member of the Trilateral Commission, demanded a *perestroika* (Russian: restructuring) for the United States to reduce the federal budget deficit.

Lord Roll is one of Europe's leading advocates of the "Europe 1992" plan, under which all customs barriers to the movement of people, goods, and capital are to be removed, preparatory to eliminating national sovereignty, placing the economy under the domination of a few cartels, and reducing the continent to the status of a Soviet looting ground.

Roll told the Siena conference, "Markets don't wait, and very soon they will form a view, rightly or wrongly, of what the U.S. administration is going to do, and this will influence the exchange rate and the volatility of the dollar."

Roll was seconded by Trilateral founder David Rockefeller, who, lamenting U.S. President-elect Bush's pledge not to raise new taxes, added, "It is difficult to see how he can deal with the deficit without some kind of revenue enhancement." Rockefeller backed new gasoline taxes as the answer, a proposal first floated 12 months ago by the Bank of England.

## **Food**

### **Predict big Russian, Chinese soybean imports**

Russia and China will be major importers of Western soybeans and fats in the years ahead, according to Hamburg grain traders. The imports will begin this December, they said.

Russia will import massive quantities of oils and fats for their livestock production demands, the sources said. Moscow will import 3.45 million tons of oilseeds over the next 12 months, up sharply from the past 12 months.

In addition, because of the devastation left by floods, drought, and frost, China has lost some 1.3 million tons of its planned soybean harvest, and is certain to be a large importer.

## **State Budgets**

### **Cuomo demands broad new budgetary powers**

New York Gov. Mario Cuomo on Nov. 21 demanded extraordinary emergency powers to cut his state's budget without legislative approval. New York now faces a \$2 billion deficit that grew up under Cuomo's administration. If Cuomo gets his way, he will attempt to appease bankers by shutting down services.

The emergency powers Cuomo has asked for would allow him to cut the budget without getting the approval of the state legislature. If the legislature goes along, it would be the first time in history that such budget-cutting powers were granted to the governor.

State legislative leaders have said they are considering Cuomo's demand.

New York State bankers and investment houses are demanding blood to keep their debt afloat. Governor Cuomo made his play for unilateral authority over the budget only days after Standard and Poor's, the Wall Street credit rating service, placed \$17 billion of New York's long-term debt on a "credit watch," and threatened to downgrade its credit rating unless the deficit were narrowed. Standard and Poor's contended that the mid-year plan released by the governor did not contain sufficient explanation of how the gap would be closed.

A spokesman for Moody's, another bond rating house, commented, "We do consider the amount of the revenue shortfall to be significant. It appears pretty obvious that it will require stronger action than what they've done so far."

Various Albany insiders are speculating that Cuomo will try to break his contract with state employees unions in order to balance the budget.

## **Trade**

### **New Zealand seeks new ties to Chinese, Russians**

Chinese Premier Li Peng led a delegation of 90 people, including four ministers and two vice ministers, on a state visit to New Zealand Nov. 20-23. Li Peng's visit was preceded by several reciprocal visits by high-level ministers of both countries in recent years, and featured the signing of an investment protection agreement between the two countries on Nov. 22.

The Chinese premier toured several New Zealand farms and forestry research and production facilities, and had a private dinner with Prime Minister David Lange following the signing.

New Zealand has 13 joint ventures inside China, while China owns a wood-scouring plant in New Zealand. Total trade between the two countries increased from (N.Z.) \$13.2 million in 1972-73, when relations were normalized, to \$544 million in 1987-88. China is New Zealand's fifth-largest trading partner and its largest market for wool.

Meanwhile, Deputy Prime Minister Geoffrey Palmer returned to New Zealand the day of Li Peng's arrival, after a week-long visit to the Soviet Union, the highest ranking such visit in 28 years.

The pro-Soviet Palmer was the guest of honor at a Kremlin state banquet hosted by Deputy Prime Minister Kamentsev, with whom he spent several hours in talks. The two discussed joint ventures, including cattle, agricultural technology, geothermal energy, synthetic fuels, forestry, and fishing, all of which will be examined in more detail by a joint trade commission, which is to meet in Moscow in the spring of 1989.

One immediate upshot of the talks was Palmer's invitation to the Soviets to once again station a media representative in New Zealand. The last such representatives was forced to leave the country in 1980, when the Soviet ambassador was expelled for security reasons.

Upon his return to New Zealand, Palmer waxed eloquent about trade opportunities, the success of *perestroika*, and the "rising

consumer standard of living" that he discovered in the U.S.S.R. One wonders why no Russians have discovered it.

## Europe 1992

### Eurocrats may form a central bank

A European Monetary Union source close to former West German Chancellor Helmut Schmidt has told EIR that he is sure a European Central Bank independent of sovereign governments and controlling their credit and currency policies will come into being after 1992.

He cited European Commission president Jacques Delors, author of the central bank idea and leader of the forces behind "Europe 1992," European Commission legislation that will eliminate all EC customs and trade barriers. The objective is to eliminate national sovereignty in Europe.

"Delors told a meeting I attended this week," said the source Nov. 19, "The train is on the right track; it will go in the right direction."

"The most important event of the past year is the mandate Delors got to head the study to analyze the European Central Bank idea. There will emerge such a bank, regardless of what name it has. It will be 'federal' to give each member country the feeling it has a voice, but it will be fully autonomous."

"At this point, a new international financial crisis would simply speed the timetable for implementing the Delors bank plan. We saw how vulnerable national markets are following the Oct. 19 [1987] crash."

According to his report, Bundesbank president Karl-Otto Pöhl is privately fully in support of the central bank, "but he is forced to say what he does because of extremely conservative interests on his board. After Delors' report next June," he continued, French President François Mitterrand and West German Chancellor Helmut Kohl "will push the debate, and British Prime Minister Margaret Thatcher, at present an outspoken foe of the 1992 plan, "will ultimately follow."

Mrs. Thatcher has attacked the idea of a supranational European government based in the Brussels bureaucracy of the European Community as "airy-fairy nonsense," and defended Charles de Gaulle's concept of a "Europe of the nations," each sovereign, against Europe 1992's concept of a "Europe of the regions," based on the dissolution of national sovereignty during the next decade.

## AIDS

### Health worker infection higher than admitted

A Baltimore physician, Dr. Hacıb Aoun, told reporters at a Washington conference on infectious diseases Nov. 22 that the number of on-the-job mishaps that have led to AIDS infection of health workers and researchers is being grossly understated by health authorities.

Aoun was a resident at Johns Hopkins Hospital in Baltimore five years ago. He was injured in a test-tube accident while treating a leukemia patient and was infected with HIV, the human immunodeficiency virus.

Hopkins later refused to provide for his health care, and even insinuated that the doctor may have contracted AIDS in some other way. Dr. Aoun sued the institution and won a large settlement.

In his Nov. 22 remarks, Aoun said that cases go unreported because health care workers are afraid of losing their jobs; hospitals are afraid to report cases to the Centers for Disease Control because of the risk of causing panic; and local health authorities routinely report on-the-job infections as being caused by sex or other means accepted by the health establishment.

The CDC has recorded only one case of full-blown AIDS from an occupational accident, but Dr. Aoun said that he knows of five cases in Baltimore alone. He estimated on this basis that an accurate national figure is much, much higher than the official statistics, but gave no estimate.

The Baltimore cases include a laborer, a nurse, and a phlebotomist.

## Briefly

● **SEVEN MILLION** people in Vietnam are starving, especially in the four disaster provinces of Nghe Tinh, Binh Tri Thien, Quang Nam, and Nghia Binh, where 10 million people live. An unusually long cold period, followed by drought and a massive infestation of insects, led to a very bad harvest.

● **SOUTHERN FARMERS** in the United States will be hit hard by Farmers Home Administration (FmHA) foreclosures. The federal agency has sent 90,000 notices to "delinquent" farmers nationally. Some 41% of FmHA borrowers in Georgia are delinquent, as are 38% in Louisiana, 32% in Mississippi, and 18% in Alabama—and all have received foreclosure notices conditional on loan restructuring.

● **THE ARGUMENT** about European subsidies to the farming sector is a bigger threat to the relationship between the United States and Western Europe in the eyes of Americans, than, for example, the debate on burden sharing in NATO defense, stated the U.S. ambassador to the European Community in Brussels, Alfred Kingston, on Nov. 18.

● **THE NEW YORK** Metropolitan Transit Authority has unveiled a capital budget that cuts \$350 million in bus and subway improvements. Among the cuts, the purchase of 300 city buses and some structural improvements to the Broadway 7th Avenue IRT subway line have been eliminated.

● **NEW JERSEY** state revenues are reported down \$155 million. Michael Cole, chief counsel to Gov. Thomas Kean, told the press Nov. 19 that the governor will be making "some tough choices" on the funding of existing programs. He said the governor will not increase taxes. Cole termed the fiscal condition "a significant problem, but it is not a crisis, emergency or deficit like those occurring in other states like New York and Massachusetts."