

# Business Briefs

## Insider Trading

### Two more arrested in Japanese scandal

Two former managing directors of Nippon Telegraph and Telephone (NTT), Japan's largest company, were arrested Feb. 13 on charges of taking bribes from the Recruit publishing group. The former Recruit chairman, Hiromasa Ezo, and Hiroshi Kobayashi, vice president of First Finance Co., a business affiliated with Recruit, were also arrested for alleged bribery.

The charges against Toshihiko Hasegawa and Ei Shikiba, former NTT managing directors, alleges the two went to extraordinary lengths to help Recruit enter and succeed in the telecommunications business, and that in return for their support, they were offered the opportunity to buy shares in Recruit Cosmos.

Prime Minister Noboru Takeshita is quoted by international news media, "I believe the prosecutor has been conducting a fair and stringent investigation." Takako Doi, the chairman of the largest opposition party, the Japanese Socialist Party is quoted, "We believe the arrests today are only the beginning of the investigation." Doi again called on Takeshita to step down or call new elections. The scandal has already led to the resignation of Takeshita's finance minister.

## Agriculture

### USDA opens 'touch and tell' video kiosks

The U.S. Department of Agriculture has opened a series of video kiosks in shopping malls, but they have little or nothing to do with the department's supposed concern, i.e., farming and the food supply. Rather, the kiosks are designed to bring "kook agriculture" issues to the masses, "like magic."

Devised by the USDA Extension Service and Soil Conservation Service, the phone booth-sized kiosks use "interactive video," called touch-and-tell.

Tom Tate, director of the Extension Service Interactive Video Network, says, "See, I touch the video screen and then this computer picture of a farmer's field materializes like magic."

A built-in computer stores dozens of images, on subjects such as "Alternative Agriculture Opportunities . . . Conservation and Management of Natural Resources. . . Water Quality"—everything but farming and food.

Tate calls this system "edutainment," meaning, "entertaining education via interactive video." Everything but farming and food.

## Government

### NYC to be hit hard by Bush budget

George Bush's budget will mean the loss of \$436 million in federal aid to New York City in fiscal 1989, with programs for the poor and elderly taking the deepest cuts.

This was the analysis given to the *New York Daily News* by House budget experts, and Rep. Charles Schumer (D-N.Y.), a member of the House Budget Committee. Schumer said that New York City could lose \$229 million in health and social services aid alone if the Bush budget is approved. But that doesn't account for expected cuts in Medicare and Medicaid.

He also warned that \$76 million will be cut from housing, \$73 million from mass transit, and \$57 million from job training.

## Europe 1992

### EC Commission hits U.S.-Japan trade

The European Community's European Commission in Brussels has made a major decision against importing products of Japanese companies that are made in the United States.

In a complex ruling which could have

significant implications for a variety of tri-lateral trade negotiations, the European Commission declared Feb. 10 that Japanese Ricoh copier machines should be subject to stiff EC anti-dumping taxes reserved for Japanese products, even though the copiers are assembled in California.

The EC also invoked a little-used rule whereby, if no decision is taken by the 12-nation Council of Ministers within 90 days, the Brussels diktat becomes law.

In another significant area, the EC is attempting to negotiate an agreement with Japan over pricing of computer memory chips. Fujitsu is reported ready to build a \$100 million chip plant in Northeast England to escape possible EC protectionist actions.

## Resources

### Severe restrictions on California water

The California Bureau of Reclamation Feb. 10 announced that water from the federal Central Valley Project will be cut by 50% beginning March 1. The announcement was unexpected, as federal officials had said in December that a 25% cut was possible if the drought continued.

Federal officials admit that the 50% cut could wither 10% of California's irrigated farmlands and cause more than \$1 billion in farm losses. The cut will affect more than three dozen major water contractors from the north of the state to Kern County, reducing water to farmers by 2.5 million acre-feet, the sharpest reduction since the drought of 1976-77.

John Harris of the huge Harris Ranch is quoted in the press saying that he will have to lay off 25% of his farm workers. Bill Dubois, the water expert for the Farm Bureau, said, "When you get a 50% cut in water supply, you're just about forced to plant half the ranch."

California water and farm experts foresee severe rationing for many Bay Area residents and huge tracts of farmland left fallow in the Central Valley as a result.

Santa Clara County's 1.4 million resi-

dents will be forced to reduce water use by up to 45%. The county is the largest metropolitan contractor of Federal Bureau of Reclamation water in the state. Last year the district got 21% of its water from the federal government. The Santa Clara County water district, at that time, asked for a voluntary 15% water use reduction; it got a 3% cut in use. Officials are worried that with the federal cuts, more strain will be placed on underground water. From the 1920s to the mid-1960s, San Jose sank 13 feet as a result of overdrafting of underground water.

## **AIDS**

### **South Bronx residents are 'high risk' group**

At least 23% of emergency room patients at a South Bronx hospital were found to be infected with AIDS in July 188, according to a Feb. 15 report in the *New York Times*. In a study of 143 patients entering the emergency room at Bronx-Lebanon Medical Center, 33 tested positive for AIDS. This did not include those who were already known to have AIDS. An earlier study of patients in alcohol-detoxification revealed that 27% had AIDS antibodies.

This is the first emergency-room patient test conducted anywhere in the country since a Johns Hopkins study in Baltimore in 1987, where only 5.2% were found positive.

While attempting to minimize the significance of these statistics vis-à-vis the general population, city officials and even the *New York Times* admits precisely what *EIR* has been saying: "The virus is concentrating geographically, targeting and focusing on the poor."

Officials make clear that nothing will be done about it. Because of the confidentiality rules, patients will not even be told of the findings. Instead, the importance of "prevention" campaigns are underlined—school presentations and an information van in the neighborhood!

Federal health officials are now organizing the testing of patients at 40 hospitals across the nation, as part of an effort to determine the extent of spread of the disease. After all, even the Nazis had special ac-

countants keeping track of the number of gas chamber victims at the concentration camps.

## **Banking**

### **Texas attorney general resists takeovers**

The Attorney General of Texas, Jim Mattox, on Feb. 14 requested a conference with Gov. Bill Clements and legislative leaders to discuss placing new restrictions on takeovers of Texas banks by out-of-state banks, according to the Feb. 16 *Dallas Morning News*.

Mattox wrote a letter to state officials saying that Texas must respond to the takeover of so many banks, both for economic reasons and because state constitutional requirements for a "local" banking system.

"Texas will not regain its economic vitality until we restore our local banking system," read the letter.

"Our constitution provides for a local banking system, and we need to determine whether or not our Constitution has been de facto abrogated by the conduct of the FDIC, FSLIC, and out-of-state holding companies."

He called the state's banking crisis "of such great importance that we need a joint effort to formulate a cohesive state policy."

He warned that the federal government "will usurp state authority in this area if we do not formulate a policy and move forward."

According to the newspaper account, the attorney general's office has been asked to take legal action to restrain federal banking regulators and out-of-state companies "from operating in Texas in violation of our state Constitution and statutes," in the words of the letter.

Reggie Bashur, the governor's press secretary, said that Clements shares concerns about the banking community in Texas. . . . "We have had several big out-of-state companies that have come in to operate Texas banks, and in the process they have shifted the assets of those banks out of state," she said.

## **Briefly**

● **UNION CARBIDE** has reached a settlement with the Indian government over the 1985 Bhopal disaster, in which toxic gases leaked from the chemical plant there killed thousands and injured thousands more. The company will pay \$470 million in damages.

● **IBERO-AMERICA** transferred \$29 billion to foreign creditors in 1988. The sum brings the total to \$180 billion transferred abroad in the seven years since the Ibero-American debt crisis exploded in 1982, according to a U.N. agency.

● **MEXICAN** companies will have their individual foreign debts refinanced to the tune of \$200 million from the International Finance Corporation, an affiliate of the World Bank, by the end of 1989.

● **U.S. OIL** imports in January 1989 surged to their highest since 1980 as domestic production fell and consumption rose, according to the American Petroleum Institute. U.S. crude oil output fell to 7.9 million barrels per day, a 3.4% drop over January 1988. Foreign supplies may soon control over 50% of U.S. oil supplies, said AIP.

● **MARTIN MARIETTA** will manufacture 72 additional nighttime navigation and targeting systems for the U.S. Army's Apache attack helicopter, under an \$87.9 million Army contract.

● **U.S. AUTO** sales fell 15% in early February compared to the same period a year ago. Analysts said the drop reflects rising interest rates and decline dealer incentives. Chrysler reported the biggest drop in sales, a 31% decline.

● **TELEPHONE** marketing fraud will be the target of a new group, the Alliance Against Fraud in Telemarketing. It will be made up of 50 trade associations, advocacy groups, corporations, and government agencies.