

# Business Briefs

## ***Economic Theory***

### **Mercantilism targeted by Trilateraloids**

"Mercantilist practices," or what in the United States is called the "American System" of political-economy, are the real problem with Ibero-American economies, the Trilateral Commission pronounced in a just released report.

The report charges that the causes of Ibero-America's economic crisis do not lie in external factors such as the International Monetary Fund, interest rates, or the foreign economic policy of the industrialized nations, but rather in "long-festering flaws in the region's economic institutions and its whole conceptual and policy approach to the question of development."

The region's leaders have finally recognized that "the roots of dysfunction lie deep within the region, its governments and its development policies." One of those flaws, it explains, "can be traced from the mercantilist practices of their former colonial rulers—traditions which always meant a great deal of governmental-bureaucratic involvement in local economies."

## ***Asia***

### **U.S. bank suing Red China on loan default**

The First National Bank of Chicago is suing the People's Republic of China National Machinery and Equipment Import and Export Corp. in Hong Kong for \$14.65 million plus interest on a defaulted loan, Reuters reported April 20.

The case is being watched closely by bankers who are nervous because of a huge unacknowledged debt. Chinese state-owned companies and their joint-venture partners took out up to \$70 billion in government-guaranteed foreign loans over the past 10 years, much of which are still outstanding, Reuters quoted a senior Chinese official as saying.

Beijing has just completed a survey on this debt and has decided to strengthen control over foreign debt guarantees. Only 10 financial or-

ganizations will now be able to take loans. China's payments on its admitted \$44 billion debt will peak at \$10 billion per year in 1992.

## ***AIDS***

### **Plague worsens in populous Asian nations**

India could be the site of Asia's first full-blown AIDS epidemic, the Associated Press reported April 20. In Bombay alone, doctors say, there are 10,000 prostitutes carrying the HIV virus, and a survey last year showed that the amount of AIDS-infected blood is 40 times more than in 1987.

Senior Bombay health official Dr. S.M. Bhadkamkar stated, "We could have an epidemic situation in 10 years. Every six months the number of AIDS carriers is doubling." The Indian budget for dealing with AIDS is only \$7.5 million, most of which is used for testing.

In Communist China, AIDS is spreading rapidly through drug addiction. The Chinese government is "extremely alarmed" by the situation, the Italian daily *Corriere della Sera* reported April 30. There is a big increase in the production and consumption of opium and heroin in China, centered in Yunnan, Guangdong, and Jiangxi provinces. Police report over 10,000 addicts in Yunnan alone. There has been an explosion of hepatitis in southern China, where it was already endemic, and in Ruili, of only 1,000 addicts tested, 146 were positive.

## ***Technology***

### **Soviet, U.S. scientists join to stop locusts**

Scientists from the United States and the Soviet Union are collaborating on a plan to use lasers developed as part of the U.S. Strategic Defense Initiative program and its Soviet counterpart to destroy locust plagues, according to a report in the April 26 issue of the British science magazine, *Nature*.

A University of Arizona optical scientist, Peter Franken, and his longtime Soviet friend Vladilan S. Letokhov, came up with the idea when discussing possible applications of their carbon dioxide laser work. *Nature* termed it "one of the strangest plans ever put forward for the peacetime use of a sophisticated military technology," but noted that it has picked up support from the U.S. and Soviet political and scientific establishment, including Soviet Academician Yevgeni Velikhov who has reportedly promised the project funding through the International Foundation for the Survival and Development of Humanity.

An efficient, low-cost plan to use electromagnetic pulses against locust swarms was proposed in 1986 by scientists participating in a series of seminars sponsored by the Fusion Energy Foundation and *EIR* during the worst African locust plague of the century, but no relevant policy agency took up the proposal.

## ***Smuggling***

### **Early warning radar to join drug war**

The U.S. Air Force announced in late April that it was putting a new Over-the-Horizon-Backscatter radar into service to help interdict drug-trafficking air flights from the Caribbean and Mexico.

The radar was designed for early warning against Soviet strategic bombers, but at a press conference in Bangor, Maine, Air Force Maj. Gen. Eric Nelson said, "the world has changed since we started this program."

The system, which bounces radar signals off the ionosphere, includes a 3,630-foot-long transmitting antenna, and a 4,980-foot-long receiving antenna 100 miles away. Conventional line-of-sight radars are limited to a detection capability of about 300 miles. This over-the-horizon system will be able to detect objects between 500 to 2,000 miles from the transmitter, or over a 4 million square mile area of the Atlantic Ocean from Iceland, to the Azores, to the northern coast of South America, when the ionosphere is cooperating, and there are no sun-spot-caused magnetic storms.

## Small Business

### Environmental plan costs Los Angeles jobs

Environmental restrictions, imposed in 1989 by the South Coast Air Quality Management District, which regulates a four-county area including Los Angeles, have run many small businesses out of Los Angeles, costing thousands of jobs, the April 29 *New York Times* reported.

The environmental regulations, called "the most restrictive air-quality plan in the world" by the *Times*, has driven businesses out of the district and out of the state. Manufacturing employment in Los Angeles County has slipped from a decade-high of 914,000 in 1987 to 866,000 in 1989. One-quarter of all fabricated-metals jobs in the county have disappeared since 1979, with only 65,000 remaining today. Machinery equipment manufacturing has lost about one-third of its jobs, dropping to 61,000 in 1990. The county's 270,000 jobs in high-technology manufacturing, the majority in aerospace fields, are expected to continue to decline.

## Computer

### Japan pushing 'massive parallel processing'

Japan will put a major development effort into new computer technology called "massive parallel processing" (MPP), as the goal which will allow Japanese companies to leapfrog the technological dominance of U.S. companies in computer electronics, according to a report prepared under the auspices of the Ministry of International Trade and Industry (MITI) in Japan.

MPP allows computers to run simultaneous calculations through tens of thousands of processors. By contrast, existing computer designs are only able to use one or a handful of processors at one time.

The report will serve as a guide to Japanese companies as they invest in computer research and development. Up to now, most of the pioneering work in MPP has been accomplished by

small U.S. companies that have been supported through a Department of Defense program known as the Strategic Computing Initiative. The orders of magnitude increase in computing speed that MPP would allow would be a breakthrough in developing battle management data systems for the Strategic Defense Initiative.

MITI's new report is intended to be a guidance document that replaces the "Fifth Generation" project, which aimed at creating computers able to simulate the thought processes of the brain, such as sound pattern recognition. Under that project, the Japanese government provided about \$250 million in support to industry over nine years. The April 30 *New York Times* reported that Japanese companies, particularly the large computer makers Fujitsu, Hitachi, NEC, Toshiba, and Mitsubishi Electric, have spent much more than the Japanese government has.

## Poverty

### Commission warns of 'national tragedy'

A national commission headed by Sen. Jay Rockefeller IV (R-W.Va.) warned of a "staggering national tragedy" because of the impoverishment of children. It warned that America's future is threatened because children make up the poorest age group in the United States.

Some of the panel's findings include: More than a half-million children are affected by malnutrition, and 100,000 are homeless; in 1987, the poverty rate was 45% for black children, 39% for Hispanic, and 15% for white children; one out of every four rural children is poor, and they are less likely than urban children to receive assistance.

The panel, formed by Congress in 1987, stated that poverty, more than any other factor, placed American children at risk for long-term problems, including poor health. No recommendations were issued, but one commission member, Dr. Barry Brazelton, professor of pediatrics at Harvard University, said if these children are not helped, they are going to cost billions. "They're going to be the terrorists of the future."

## Briefly

● **THE U.S. SUPREME** Court April 30 overturned the Ninth Circuit Court of Appeals in a case involving the 1988 merger of two California supermarket chains, and held that states have standing to bring suit to halt an intrastate corporate merger under the Clayton Anti-Trust Act. The case will now go to trial.

● **INFLATION** rose at a 5.7% annual rate in the first quarter compared with a 3.2% rate in the fourth quarter of 1989, the steepest rise since the third quarter of 1982 rate of 5.8%, the Commerce Department announced April 27.

● **JACQUES ANDREANI**, the French ambassador to the United States, said April 25 in preparation for the July 9-11 economic summit that President Mitterrand will raise concerns of Third World leaders at the conference. "If they are bankrupt, they cannot buy anything. If they are without any means, we cannot solve, together with them, a number of global problems," he said.

● **DWAYNE ANDREAS**, the head of the grain cartel company Archer Daniels Midland, said April 24 that his company is considering receiving a large Soviet-built bulk ship from Pepsico in exchange for sending grain to Russia.

● **LYNDON LAROUCHE'S** European infrastructure "Triangle" proposal is being circulated by a large regional ASEAN banking group. Asian investors, increasingly pessimistic over U.S. economic prospects, view the proposal as the basis for why such investment into the European economic expansion is sound.

● **MACHINE TOOL** orders in the U.S. have dropped 17.6% from 1989, according to the Association for Manufacturing Technology. "America's apparent reluctance to invest . . . contrasts with foreign manufacturers who are investing heavily in modern productivity-improving machines," AMT president Albert W. Moore said April 30.