

Business Briefs

Banking

FDIC takes over Texas racketeer's bank

The Western State Bank, formerly owned by convicted millionaire narcotics trafficker Rex Cauble, was shut down by the Texas bank commissioner in September, and the Federal Deposit Insurance Corporation was named receiver.

The bank, which was claimed by the federal government in one of the largest forfeitures ever under the racketeering laws (RICO), reopened later in the month as the Texas Bank of Denton. It was the state's eighth bank failure this year; there have been 84 nationwide.

Rex Cauble was convicted in 1982 of violating the federal racketeering, banking, and criminal travel laws, and was sentenced to five years imprisonment. Cauble, a 71-year-old horse rancher and oilman, was also ordered to give up nearly one-third interest in Cauble Enterprises.

International Finance

Leutwiler accepts mediator role

Former Bank for International Settlements head Fritz Leutwiler has agreed to accept the request of the South African government to be mediator in rescheduling its external debts. The appointment was approved by 29 foreign creditor banks. No meetings are slated until after the IMF meeting in Seoul.

Leutwiler will reportedly get an "exceptionally large fee" for doing the job. He will negotiate with South African bank and gold expert Dr. Chris Stals, son of a Boer farmer, who formerly represented South Africa for 17 years at BIS meetings in Basel. Stals is director general of finance for the Treasury of the Republic of South Africa.

Barclay's Bank has won agreement that Leutwiler will be seen as South Africa's choice rather than creditor banks' man.

Union Bank of Switzerland approached Leutwiler to mediate, according to the *London Guardian*.

Europe

EC to sell mountain of butter

European Community Agriculture Commissioner Franz Andriessen has proposed to the European Parliament that the EC "Butter Mountain" should be sold at discount *back to the farmers* for cattle feed.

He said one proposal being considered is to subsidize the sale of 150,000 tons of "old" butter in storage which is unusable for human consumption. He said the EC plans a further offer of 200,000 tons surplus butter to the Soviet Union and East Europe, for which it hopes to get a "good price."

An EC give-away of butter to the U.S.S.R. last year drew heavy attack, as it primarily benefitted French Communist Party financier Jean Doumeng, the "Red Billionaire."

Trade War

Protection bill closer to passage

The Thurmond-Hollings protectionist bill, to reduce textile and apparel imports from Korea, Taiwan, and Hong Kong, while freezing imports from nine other major exporting countries at 1984 levels, survived its first vote, Oct. 2, in the form of an amendment to a bill that terminates the U.S. trusteeship over the Marshall Islands and Micronesia. The bill is sponsored by more than 50 Senate and 300 House members, but is opposed by President Reagan, who has vowed to veto it.

Sen. Dan Evans (R-Wash.) threatened a filibuster if a provision to impose protective quotas on shoe imports is not dropped. Hollings threatened to respond in kind. The

House Ways and Means Committee approved a similar but tougher version to roll back imports from 12 mostly Asian nations.

Energy

U.S.S.R. cuts oil sales to Europe

European petroleum industry sources confirm reports the Russians have imposed an "impartial force majeure" on crude and heating oil exports to Western Europe. Coinciding with growing evidence of Iranian export difficulties, this has sent prices for Saudi light crude back up to nearly OPEC's official level of \$28/barrel.

The yet-unexplained issue is the timing of the Soviet cutoff, firming oil prices just when Saudi discounting threatened a major collapse. One London source termed the Russian move "political" and an attempt to keep the price high.

Food

Moscow won't meet U.S. wheat purchase minimum

For the first time in 10 years, the Soviet Union has failed to meet its annual minimum wheat purchase requirement under the U.S.-Soviet grain pact.

The Soviet Union remained 1.1 million metric tons short of its commitment under the five-year accord signed in 1983 to buy and take delivery of 4 million metric tons of U.S. wheat in each year ending Sept. 30. U.S. officials said Soviet officials had told them they felt under no obligation to honor the pact because U.S. wheat prices are higher than those of many suppliers.

Experts predicted Soviet grain import needs this year would be 37 million tons, down from 55 million in 1984-85. Undersecretary of Agriculture Daniel Amstutz told Reuters he viewed the failure to buy the U.S. wheat as a "unilateral abrogation" of the accord.

As recently as early September, Soviet officials assured Agriculture Secretary John

Block in Moscow that they would buy the wheat before the marketing year expired. The Soviet Union has purchased nearly four times its 4 million ton corn commitment this year.

Technology

German hi-temp reactor begins operation

EIR was invited to the first public viewing of the West German High Temperature Reactor (HTR), at Hamm-Uentorp, region.

The reactor, a 300-megawatt prototype, has been delayed 10 years beyond its planned startup by various environmental "regulatory" design demands. Nonetheless, it started running at 10% power toward the end of September, and is expected to be at 40% in two weeks, producing electric power.

By December, assuming there are no problems, the reactor will be at full power.

Disease

Deadly liver virus spreading in Italy

According to a consultant working with the World Health Organization, there is a deadly virus believed to presently infect up to 50% of the Italian population. The virus, called, Echinococcus, is spread from animals to man, where it concentrates in the liver, remaining latent for as much as 10-20 years. It can suddenly, and fatally, explode.

Infection is caused by improper animal hygiene, and is easily controllable. The parasite is present in the livestock herds of every Mediterranean country—including Italy, especially Sardinia, Greece, Spain, and Portugal.

A major infection of Echinococcus in New Zealand led to the slaughtering of herds, and the parasite is now eradicated from that country.

The problem in most Mediterranean regions is the depressed economy and the consequent poor animal hygiene. The virus is apparently not destroyed by traditional cooking or boiling of infected meat.

Labor

Presser denounces trucking deregulation

In written testimony before the U.S. Senate Surface Transportation Subcommittee, Teamsters General President Jackie Presser on Sept. 27 expressed his "contempt" for the Reagan administration's trucking deregulation bill, calling it "misguided and ill-conceived." He committed the resources of his union to defeating it.

The legislation would completely deregulate the trucking industry and eliminate the Interstate Commerce Commission.

Presser pointed to "80,000 unemployed Teamsters" and "hundreds of bankrupt companies" as a result of the Carter administration's 1980 deregulation act.

He also pointed to "the 17,000 new entrants into the trucking industry [who] have caused the safety problem."

Medicine

Two U.S. firms plan test of AIDS drug

Eastman Kodak and ICN Pharmaceuticals have announced they are conducting the first large-scale human testing program in the United States of a drug that showed promise in the treatment of AIDS.

They will do human clinical trials of ICN's anti-viral drug ribavirin, which is sold abroad and has been used in the treatment of respiratory ailments, herpes, and hepatitis. The trials will involve testing of 350 patients whose blood has shown that they were exposed to AIDS.

Briefly

● **DOCTOR** Artemis Simopoulos, the chief nutrition official at National Institute of Health who was involved in formulating the new high-starch, low-protein diet, is an executive officer of the International Life Sciences Institute (ILSI), which runs on a \$3 million budget from Coca-Cola Co., Pepsico Inc., Hershey Foods, and large grain companies.

● **DETROIT** is suffering from the boom in car sales during September because the low credit rates on which the boom was based were at the expense of profits. One estimate says that the loan deals cost the companies around \$500 per car.

● **SEMICONDUCTOR** producers Intel, National Semiconductor, and Advanced Micro-Devices (80% of U.S. production among them) petitioned the International Trade Commission for an import duty against the Japanese. Semiconductor sales were expected to be down 29% from last year.

● **MOTOROLA**, whose workforce is already down from 45,000 in October 1984, to 37,000 now, is laying off another 1,700. A Motorola spokesman blamed "Competition from abroad, particularly from Japan. . . ." Motorola also said most U.S.-based employees would have their pay cut by between 5% and 10% as a cost-cutting measure. The pay cut will extend through March 1986.

● **HENRY KISSINGER** is promising Thailand's Prime Minister Prem that if he keeps to an IMF austerity program, Kissinger will intercede to ensure that the Jenkins Textile Protection Act, which would destroy 50% of Thai industry, is vetoed. But: "There is a faction at Chase Manhattan that thinks things are not going so well in Thailand, and that there should be some kind of disengagement from the country," said Tim Gethner of Kissinger Associates. "Prem is a weak figure."