Business Briefs

Foreign Debt

Did Mexico sign away sovereignty?

According to an article in the April 13 issue of the left-wing publication *Proceso*, whose author claims to have a copy of the recent debt agreement between Mexico and its creditor banks, Mexico signed an "unusual" accord which undermines national sovereignty. The Mexican government has not denied the report. Key quotes from the article follow:

"Under penalty of cancellation of the accord and not receiving any more money, Mexico commits itself not to make a general suspension of payments, not to declare moratorium, and that none of the bodies of the government—Executive, Legislative, or Judicial—question the validity of the signed contract, or decree anything that seeks to invalidate Mexico's responsibility, exempt Mexico from claims, or impede or retard its fulfillment of its obligations.

"It commits itself not to leave the IMF or the World Bank. It agrees to submit to the local laws and courts in New York and London. It renounces its immunity—because the state offers itself as guarantor of the debt—and the immunity of its goods. And Mexico renounces the immunity of its international goods, among which are included, 'without limitation,' its petroleum and gas. Mexico does not sign the accord as a sovereign nation, but as a commercial company. Its acts, in relation to its debts to the banks, are not public and governmental acts, but private and commercial acts."

Health Care

Expert decries AIDS victims' euthanasia

Dr. Robert Gallo spoke at a conference in Leyden, the Netherlands on April 15, and denounced proposals for euthanasia on AIDS patients. When asked about press reports that some Dutch AIDS patients were seeking and getting euthanasia, Gallo said: "Personally, I think it's stupid. Anyone who goes out too early is making a big mistake."

He added that there were advances in the AIDS field every week, and that he disagreed with "mercy killings" on ethical grounds.

He was also asked how many infected with the virus develop a serious illness: "Put that all together and perhaps 20% of all infected people develop serious diseases. Will it be 60, 80, 100? We really don't know and I think if we project too loudly that it will be, it will induce suicides."

Trade War

Yeutter to demand Japanese timetable

Clayton Yeutter, Trilateral Commission trade-war specialist and U.S. special trade representative, said that he will call on Japan to establish an "implementation timetable" to reduce trade frictions when he meets with Prime Minister Nakasone in mid-April.

Yeutter said his agenda will include getting commitments to bring U.S. firms in on the construction of the $8 billion Kansai airport; purchase of superconductors by the Japanese government; inclusion of U.S. companies in the Japan-Alaska fiber optic link; and purchase of U.S. agricultural goods.

Yeutter said the tariffs which the administration intends to impose on Japan may remain for only a short time, but that it would take "the persuasiveness of data" showing that the Japanese had stopped dumping, to end them.

Free Enterprise

Wall Street hit by cocaine scandal

One broker sent free samples of heroin via the his firm's messenger service. Another traded information on stocks for cocaine. Others received accounts in return for supplying cocaine. Others were hired because they were trusted sources of cocaine.

These instances and more are cited in an affidavit accompanying the warrant used by U.S. Attorney Rudolph Giuliani to raid several Wall Street brokerage firms including Brooks, Weinger, Robbins and Leeds, Inc. Sixteen of the 19 arrested were brokers, 8 of them associated with Brooks, Weinger, where a federal undercover agent had been working since mid-March.

"This case and the implications of it are quite serious," said Giuliani. "This is the beginning of this whole area of investigation."

In one cited instance, a principal of the company whose stock Brooks was about to offer to the public, was given cocaine for $10,000 worth of stock.

Among the arrested was Wayne Robbins, a partner in the firm. Giuliani's office has filed documents seeking control of Robbins's interest in the firm under federal narcotics law. Giuliani said it is the first time his office has attempted to seize a brokerage firm under drug laws.

"Fairly senior management" from major firms on Wall Street, who had been spending $50,000-100,000 a year on cocaine and earned more than $1 million per year, had cooperated with authorities prior to the raid.

Banking

Mellon Bank chairman resigns

On April 13, J. David Barnes, chairman and CEO of Mellon Bank since 1981, resigned both positions. The Mellon family, which owns 15% of the stock, actively promoted the ouster.

At a special meeting April 12 at the bank's Pittsburgh headquarters, Mellon's board elected as caretaker chief executive, Nathan W. Pearson, 75, the bank's most senior director. Pearson is also family financial adviser to the heirs of Andrew W. Mellon, the son of the bank's founder, Judge Thomas Mellon.

Mellon Bank has been suffering from its bad energy and other loans. On April 10, Mellon Bank announced its first quarterly loss ever: a $59.8 million deficit. Mellon's directors cut the stock dividends—for the first time ever—from 69¢ to 35¢ a share.

Word is, that various Mellons are perturbed at how the decline of the bank's for-