

Business Briefs

AIDS

WHO won't condemn Soviet test measures

The World Health Organization will not condemn Soviet measures to stop the spread of AIDS, among them widescale testing, and tests of foreigners.

WHO official Dr. Netter told *EIR* that while WHO officials don't like these measures, they will not intervene as they did with other countries. In some instances, the WHO even threatened to cut off aid to national health programs if traditional public health measures were adopted.

The WHO, including its AIDS section, is notoriously dominated by Soviet health officials.

Raw Materials

London's mineral position on the rise

"The role of London in world minerals control is becoming stronger," stressed a senior City of London bank official to *EIR* Feb. 7. "The approval by Lord Young of the Minorco takeover of ConsGold last week will now open the way for further raw materials takeovers. Over the last 10 years, control of U.S. mining assets has increasingly shifted to London. Oppenheimer [Sir Harry, South African head of Anglo-American and De Beers gold and diamond mining interests] is really British."

London mining sources added, "This role of London has especially increased in the past year as commodity prices for metals have risen. The RTZ acquisition of BP Minerals late last year and now Minorco's likely takeover of ConsGold will confirm this role. It's a major revival of Britain's historic role. Neither New York or Tokyo have anything to compete at this point."

The Minorco referred to is a Luxembourg-chartered investment company owned by the Oppenheimer Group, which already held 29% interest in ConsGold or Consolidated Gold Fields, the \$4.9 billion British-

based mining group. Minorco's assumption of full ownership of ConsGold is the largest corporate takeover in British history, and is part of pattern of worldwide reorganization and concentration of precious metals mining and processing.

Trade War

Telecommunications on the agenda

West German Economics Minister Haussmann was told by U.S. officials that the "telecommunications sector is on the agenda" now for transatlantic trade war. He got the message directly from Clayton Yeutter and his successor as U.S. Trade Representative, Carla Hills, and also from Nicholas Brady and other officials of the Bush administration whom he met with in Washington Feb. 2-3.

Hills informed him bluntly that the U.S. expects the Europeans and the Germans to have their telecommunications sector deregulated and opened up to U.S. products by no later than one year from now.

In this context, a pattern of "scandals" has begun to implicate major West German producers of telecommunications equipment. Siemens was targeted in the Libya (Rabta), Pakistan (nuclear), and South Korea (electronics) affairs; Bosch and Nixdorf have been hit by management bribery scandals, and the chief executive of SEL, Helmut Lohr, first was investigated on bribery and fraud charges, then fired from his post, and finally arrested in a police action.

Apparently, trade war in telecommunications is only the first salvo under the punitive terms of the 1988 U.S. Trade Act. The U.S. Government Advisory Committee on Telecommunications, headed by AT&T, is reportedly behind the demand that Trade Representative Hills target Germany, France, Japan, and South Korea.

Hills reportedly is arguing that European telephone state monopolies must be privatized and opened up to U.S. equipment makers such as AT&T and Motorola, according to *Business Week International*.

In a related development, the London *Financial Times* reports that AT&T is about

to secure a potential \$25 billion contract to modernize Italian telecommunications in a deal with state-owned Italtel. But the French Alcatel, in a competing bid, has reportedly offered to the Italians joint venture collaboration in world marketing, and is waging an intense battle to outbid AT&T.

International Credit

Philippines, IMF reach agreement

The International Monetary Fund and the Aquino government of the Philippines have buried differences over economic policies that had prevented agreement on a \$1.3 billion loan deal in December, the *Financial Times* reported Feb. 3. The agreement in principle reached between Prabhakar Narvekar, director of the IMF's Asian Department, and Vicente Jayme, Philippines Finance Minister, opens the door for a resumption of talks with commercial bank debtors on up to \$1.6 billion in new money as early as March.

The agreement centers on a \$900 million loan aimed at closing the country's balance of payments gap for the next three years. Also involved is a \$400 million contingency facility that the country could draw on to offset the effect of sharp fluctuations in commodities prices.

But other potential lenders and donors are waiting in the wings. Manila has requested \$1.8 billion in new loans from commercial banks. It wants to restructure almost \$700 million in interest payments due this year to the Club of Paris, a private commercial bank group.

Rescheduling of debt owing to the Club of Paris will probably have to wait until a new package is signed with the IMF, probably in May, analysts said.

An IMF team will return to the Philippines soon, stay about three weeks, and then present its report to the Fund's management, Jayme said. He said the two sides reached agreement in principle on the allowable public sector deficit, projections of tax collections, the target growth rate, and measures to safeguard public sector invest-

ment—i.e., some form of assuredly brutal austerity program.

The agreement indicates that President Corazon Aquino has foolishly rejected arguments of some officials and legislators that the country would do better to limit debt repayments.

Energy

Florida adopts EMF standards

The Florida Regulatory Commission (FRC) has adopted the nation's first emission standards for electromagnetic fields (EMF) generated by high-voltage electric lines, according to the Jan. 30 edition of *Electric Utility Week*.

A public hearing was held in Tampa on Jan. 18, after four years of study by various special state commissions and sections of the Florida Department of Environmental Regulation (DER). The rules become effective Feb. 17, but do not affect existing lines, only new line construction.

There are currently six other states with regulations on emissions of electric fields by high voltage lines, but there are none with standards for magnetic emissions.

The DER estimates that "the rules will add \$100 million to \$5 billion to the cost of 500 kV lines over the next 30 years." During that time, an estimated 330 miles of 500 kV lines are planned and about 4,000 miles of 230 kV lines are "on the drawing board."

A spokeswoman for the state's largest electric utility, Florida Power and Light, made clear that in their view, the standards' adoption represented capitulation to irrational environmentalist demands. "The rule is a reasonable compromise. . . . Obviously, it has some costs involved, but in light of all the political pressure for the state to set some kind of standard, [it] attempted to balance—with no scientific evidence of the need of a standard—the economic impact with the emotional concerns."

The rule for 500 kV lines has three provisions: a limit of 10 kV/meter maximum electrical field within the right of way; a limit of 2 kV/meter maximum electric field

at the edge of the right of way; and no more than 200 milligauss maximum magnetic field at the edge of the right of way. The rule "allows" the utilities to decide how to meet the standards, including wider rights of way, taller towers, bringing the lines closer to cancel the fields, or putting lines underground—the most expensive alternative.

Thrift Crisis

FSLIC chief resigns amid controversy

Stuart D. Root, the head of the Federal Savings and Loan Insurance Corporation (FSLIC), has submitted his resignation effective Feb. 9, in a letter to the Federal Home Loan Bank Board dated Jan. 30.

In the letter, Root, who was a lawyer for the firm Cadwalader, Wickersham and Taft and a vice chairman of New York's Bowery Savings Bank, said that he found criticism of his actions trying, particularly in regard to his "Southwest Plan," in which the Bank Board tried to consolidate bankrupt Texas savings institutions. But "the resources of the Bank Board were tested fully and are owed a full acquittance for an inspired performance in the face of constant criticism, detraction, and efforts—both direct and oblique—to demoralize."

In an interview published in the Feb. 4 *New York Times*, Root said his resignation was unrelated to the major changes the Bush administration is planning for the savings banks, or to criticism of FSLIC operations during his tenure.

But he also told the *Times* that he wanted to return to the private sector and a position where he would feel free to speak out on savings industry issues, including why a merger of the FSLIC and Federal Deposit Insurance Corporation (FDIC) is a bad idea, why the nation needs a national savings policy, and whether the country needs a separate savings industry.

In Bush administration plans, the FSLIC and FDIC are being merged, and the unstated goal is evident: gradual liquidation of the entire industry to the benefit of the big commercial banks.

Briefly

● **HOMELESSNESS** in the United States is the subject of new figures issued by the U.S. Conference of Mayors: 34% are families with children; 23% are employed; the demand for assisted housing increased nearly 20% between 1987 and 1988; and the average wait on a list for assisted housing in major cities is 21 months.

● **10,000 CHILDREN** in the Third World are dying every day of diarrhea, UNICEF reports. Another 3 million children are dying every year of measles, polio, diphtheria, tuberculosis, and whooping cough; 2-3 million children are dying per year of respiratory infections, and another 1 million of malaria, and Vitamin A and iodine deficiency. All these diseases are treatable.

● **ADOPT-A-FARM-FAMILY** is the name of a lace-curtain organization soliciting private donations for "restoring dignity to the American farmer." It was founded in 1985 and is headed Mary Myers, wife of Peter Myers, Deputy Secretary of Agriculture in charge of the Soil Conservation Agency. "Adopted" families are to be saved by "parent" donors.

● **INDIA'S** Ministry of Agriculture says the country is set to reap a record harvest of almost all crops in the current year. Total foodgrain production will be 166.5-171 million tons. Of this, rice is estimated at 67-69.5 million tons, wheat 51-52 million tons, coarse cereals 34-35 million tons, pulses 13.5-14.5 million tons, oilseed 14.5-15.5 million tons, sugar cane 196-200 million tons, and cotton 9-9.5 million tons.

● **'TURKEY** is not in a hurry" to obtain full membership in the European Community, Prime Minister Turgut Özal said in an interview published in *Euromoney*. Turkey formally applied for EC membership in April 1987. Özal said that a realistic pace would be six to eight years after the application.