

# Business Briefs

## **The Budget**

### **Space station threatened by budget cuts**

Deep cuts for NASA's space station program are part of the budget package which President Reagan has been asked to endorse for the fiscal year 1986 budget, according to the Dec. 11 issue of the *Defense Daily*. NASA had been promised last year by Office of Management and the Budget director David Stockman that for the next five years, the nation's space agency would get 1% increases above inflation.

Apparently OMB is proposing a \$100 million reduction in the FY 86 budget, which was to have been between \$250-\$300 million. For FY 87, cuts would amount to \$446 million in the estimated \$1.2 billion space station funding, and \$646 million from the \$2 billion planned for FY 88.

The OMB has recommended that NASA's aeronautical research be eliminated, that the Mars orbiter not be started, and that other programs also be cut.

## **Debt for Equity**

### **Bankers threaten to seize Peru's assets**

Peru was informed by its creditor banks the first week in December that its assets would be seized if it does not come up with some \$300 million in overdue interest. The *Wall Street Journal* notes: "A frustrated creditor bank might try to collect by attaching any assets Peru has abroad such as exports in transit. That in turn could set off a race in the courts with lenders vying for Peruvian holdings."

In response, Peruvian debt negotiator Manuel Ulloa surprised bankers on Dec. 7 by proposing a \$400 million emergency loan from Mexico, Venezuela, Spain, and the 12 top creditor banks, to cover the interest due 275 creditor banks. The banks had caused the problem by reducing credit lines by \$450 million since June. Ulloa asked the banks not only to restore those lines—needed for essential imports—but to increase them by \$200 million. Several billion dollars of debt

principal, due at midnight Dec. 10, is being rolled over on a day-by-day basis.

The *Wall Street Journal* says the banks are very angry that Peruvian President Belaunde has retreated from any attempt to impose total IMF shock, which he fears would drive the country into chaos—a situation the Sendero Luminoso (Shining Path) terrorists would seize on. The banks have refused to sign a \$2.6 billion refinancing deal they made with Peru in February. When Belaunde ended the state of emergency the first week of December, the bankers hit the roof.

## **The Debt Bomb**

### **Argentina surrenders financial sovereignty**

Argentina surrendered its sovereign legal immunity in the renegotiation of the foreign debt because of the demands of its creditor banks, Economics Minister Bernardo Grinspun said Dec. 7 in a speech to the Argentine parliament. Grinspun explained that the decision means that any dispute about the payment of the debt would go to U.S. courts in New York.

This includes any legal controversy over Argentina's failure to comply with any aspects of the complex agreement on the payment of its debt reached Nov. 30, he said. Last year, a similar requirement by international banks failed after Argentine Judge Pinto Cramer ruled it unconstitutional and ordered the detention for several days of the then-president of the central bank, Julio González del Solar.

## **Great Projects**

### **Japan, Panama, U.S. study new Panama Canal**

Japan, the United States, and Panama have agreed to a \$20 million, four-year program to study alternatives to the Panama Canal, the Japanese foreign ministry announced Dec. 7. The study, to begin next year, will consider proposals to improve the existing canal or to build a new one that could handle 300,000-ton ships, a ministry official said.

The handling capacity of the present canal is only 65,000-ton ships.

This announcement by the Japanese government comes only four weeks after the Kra Canal conference in Thailand, sponsored by the Fusion Energy Foundation, the Thai Ministry of Communications, and *EIR*, where the "great project" of building a second Panama canal was one of the key proposals.

## **IMF Policy**

### **Guyana slides into bankruptcy**

Guyana, a South America nation with 700,000 inhabitants, is facing national bankruptcy and mass starvation in the wake of several years of International Monetary Fund rule. Guyana is already hundreds of millions of dollars in arrears in interest and principal on foreign debt to international banks.

Food shortages are threatening Guyana's social stability. Production of the three major products (bauxite, sugar, and rice) has declined 30-50% since 1975, because the international bauxite and sugar markets are depressed. Per capita income, which fell at a 5% annual rate between 1975 and 1980, has dropped by at least 25% more since then.

An article in the *Washington Post* Dec. 9 quotes a Guyanan diplomat saying: "Every year, people here say that the situation here can't get any worse. But every year, it does." The article also quotes Foreign Minister Rashleigh Jackson saying: "We are developing relations with socialist countries who don't regard IMF agreements as a precondition for relations. We don't see [an IMF accord] as acceptable."

## **Pacific Basin Development**

### **Kra Canal conference featured in Asian press**

Over a month later, an international conference on the necessity and feasibility of constructing the Kra Canal in Thailand is getting continuous coverage in the Thai press as well as in the press of other nations. The

conference, held Oct. 31-Nov. 1 in Bangkok, was co-sponsored by the Thai Ministry of Communications, the Fusion Energy Foundation, and *Executive Intelligence Review*.

The Chinese-language press in Bangkok, and Taiwan's press, continues to report on the conference and related issues. The Bangkok *Sunday News*, reportedly an outlet for the Thai military, recently carried an interview with Pakdee Tanapura, FEF spokesman in Bangkok, about the canal.

Tanapura will tour the northern region of Thailand with representatives of the Defense College in mid-December. Tanapura will give presentations on the Kra Canal to members of the military, government representatives, and the press.

### **Food Crisis**

## **AID chief threatens food cut for Ethiopia**

M. Peter McPherson, the Malthusian head of the Agency for International Development, has threatened to cut U.S. food aid to Ethiopia. The Ethiopian government must stop its "resettlement" program and reach a truce with warring separatists, or food aid is likely to be cut off, McPherson declared. "We are not suggesting we are going to cut off assistance in areas we are now feeding," said McPherson, "but Ethiopia must understand that U.S. resources will not go to the resettlement effort."

McPherson's argument that resources are being wasted on programs to resettle starving Ethiopians who have abandoned their villages has one gaping hole: He has made absolutely no proposal to build the necessary roads and infrastructure to get food in the huge quantities needed to the villages.

### **Agriculture**

## **Block and Amstutz threaten EC subsidies**

U.S. Agriculture Secretary John Block and his Undersecretary Daniel Amstutz told the European press that their proposed 1985 U.S. farm bill would phase out the multibillion

dollar farm price support system and set-aside programs and end direct government loans to farmers.

Block and Amstutz are in Europe for talks with their counterparts in the European Community (EC). The farm bill will be introduced to Congress in February.

Amstutz, an executive for the Cargill grain cartel before he joined the USDA, told reporters that the bill "would deprive farmers of much of the security they had enjoyed, but would give them new freedom to compete."

Block and Amstutz both made clear that they intend to use this new U.S. policy to pressure the EC, the world's second largest food producer, to follow suit and "dismantle its controversial agricultural export subsidies," which Block claimed "significantly distort competition in world markets."

### **Science and Technology**

## **French lasers enhance electron beams**

A special news report on Free Electron Laser (FEL) developments was featured in the December issue of *Physics Today*. While the report was written before the recent Lawrence Livermore Laboratory breakthrough with a high power FEL amplifier, the report describes the results on the French Orsay ACO electron beam storage ring as more significant than previously thought.

The Livermore system is designed to transform the electron-beam energy into a laser light pulse with a single pass of the beam. The Orsay approach is designed to slowly transform the e-beam energy into laser light, while the e-beam is recirculated through the lasing chamber many times.

This approach promises to achieve much greater overall efficiencies, and is part of a joint project involving Dr. John Mady of Stanford University. But it was previously believed that the generated laser beam would interact with the e-beam, causing the beam quality to degenerate. But to the surprise of the FEL researchers it was found that the generated laser pulse improves the quality of the e-beam. This greatly enhances the prospects of developing this much more efficient approach to the high-power and short-wavelength lasing needed for beam weapons.

## **Briefly**

● **CORPORATIONS** based in the United States participating in the 1985 Tsukuba Expo in Japan have set a record for contributions to the world's fair, donating in excess of \$4.5 million. Over 60 corporations will participate, including Polaroid, Texas Instruments, and DuPont. The U.S. Information Agency is supporting the project with an \$8.5 million budget.

● **UNITED Technologies** and Toshiba Corp. of Japan have announced a joint project to develop, manufacture, and sell fuel-cell power plants in worldwide markets. The firms will be equal partners in an enterprise which could begin operations in early 1985.

● **BRITISH MINERS** touring the Soviet Union thanked the Soviets for support of the continuing miners' strike in England and vowed to "fight to the bitter end." "Soviet miners" have contributed approximately \$600,000, the largest foreign gift the union has received since the strike began nine months ago.

● **BRAZIL** plans to launch its own weather and observation satellites in 1989. It has already test-launched 2,000 rockets, including a 625-mile two-stage solid-fuel rocket, and is building the "Spaceport of Latin America" near the Amazon, complete with a 6-mile runway so that U.S. space shuttles could land there. The space institute's commander commented: "It might seem strange that we're thinking so ambitiously with today's economic situation, but . . . we believe we'll have our own industries in space around the year 2050."

● **THE EUROPEAN Community** is slaughtering its best dairy herds. A quota system now put on milk production will require that EC production be reduced by slaughtering 1,714,000 dairy cows. In West Germany, 375,000 cows have to be killed, 30,000 in the state of Hesse alone.