

# Business Briefs

## War on Drugs

### Democrats introduce their own bill

A \$1.4 billion drug-trafficking bill was introduced into the Senate on Aug. 15 by Dennis DeConcini (D-Ariz.), who typically attempted to make the need for anti-drug legislation into an issue against President Reagan's Strategic Defense Initiative.

"We're willing to gamble \$3.5 billion on a 'Star Wars' system that might not work, yet the Reagan administration has been unwilling to provide the muscle needed by our law-enforcement agencies to put our anti-drug effort into overdrive," Senator DeConcini said. "This legislation will finally provide our law-enforcement agencies with the resources they need to mount a full-scale war on illegal drugs."

The bill calls for the Defense Department to provide \$900 million in additional resources to civilian agencies and \$357 million to the U.S. Customs Service to increase air and sea-interdiction programs. It also earmarks \$100 million for the Coast Guard for new equipment and 1,500 additional drug-enforcement personnel.

During a discussion of the bill, Sen. Paula Hawkins (R-Fla.) criticized Mexico for not doing enough to fight drug trafficking. "It is an international disgrace that there have not been any convictions or arrests of any of the big drug kingpins in Mexico," she said.

Hawkins, who has repeatedly demanded that aid be cut off to nations whose drug mafias run drugs into the United States, has specialized in attacking governments trying to fight the drug mafias, rather than the drug mafias they are fighting.

## Israel

### Shultz sends message: Restructure!

Israel has to privatize its state companies, and implement a thorough economic reform, if it wants to continue receiving

American economic aid: This was the contents of a private message sent by Secretary of State George Shultz to Israeli leaders, via Finance Minister Moshe Nissim, the *Financial Times* reported on Aug. 16. As a result, the Israeli government has decided to appoint two separate committees to "study the Shultz economic proposals."

Pending a restructuring of the "state-dominated Israeli economy," the administration will not offer further emergency economic aid to Israel, the message said.

According to Reuters on Aug. 19, State Department spokesman Charles Redman told reporters George Shultz would consider making a trip to the region if a "break-through" appeared imminent, and that the administration is reviewing recent "positive developments" in the Middle East that have raised hopes for progress in the Arab-Israeli peace process.

"We keep events in the Middle East under constant review," Redman said. "There have been positive developments involving the region recently."

## Debt

### Mubarak calls for debtor unity

At the opening of the meeting of the Group of 77 in Cairo on Aug. 18, Egyptian President Hosni Mubarak called for increased South/South cooperation on the debt.

Mubarak, whose speech was read by Prime Minister Dr. Ali Lufti, stressed that all countries were "suffering from the debt burden," and called for a retroactive decrease of the interest rates, as well as a general rescheduling of the debts of the developing countries.

The Group of 77 was to publish its final resolution on Aug. 21. Egyptian newspapers report that the resolution may include a call to all Third World countries to allocate only 10% of their GNP for debt repayment, a proposal modeled on that of Peruvian President Alan García.

Meanwhile, President Mubarak received some hardly veiled warnings from

international financial circles. According to an editorial in *Financial Times* of Aug. 12, Egypt must be prepared to make many further concessions before it can expect its international creditors to upgrade economic assistance to Egypt.

The editorial warned that the present Egyptian government was not doing enough to meet IMF demands. Thus, perhaps there "should be a change in the government."

A similar threat against the Mubarak government was made in the Aug. 15 issue of the "Foreign Report" of London's *The Economist*, which revealed that Defense Minister Abu Ghazala "may oust Mubarak in hopes of satisfying [Egypt's] critics."

It goes on to detail the rise of Islamic fundamentalist activities in the country, shown by dozens of fires deliberately set in and around Cairo in August. Although some 175 members of the al Jihad organization were arrested in early August, their arrests showed that they are receiving strong support from army officers, the Report claimed.

## Technology

### Swedish premier attacks nuclear power

On Aug. 17, Swedish Premier Ingvar Carlsson launched an attack on nuclear power, citing the Soviets' Chernobyl reactor accident in April as illustrative of the alleged dangers of nuclear energy generation. Carlsson's remarks were reported in a Reuters wire from Stockholm.

"Nuclear power is one of the greatest threats to our environment," the Social Democrat told a labor rally.

He said that the Soviet nuclear accident has cost Sweden \$160 million so far, by harming the country's food production industries, including killing up to 100,000 reindeer (on which the country's Lapp tribes depend).

"The Chernobyl accident has spread radioactive country's Lapp tribes depend).

"The Chernobyl accident has spread radioactive iodine and cesium over our fields, forests, moors, and lakes," Carlsson said.

## Briefly

"Cows have had to be kept indoors. . . . All this to prevent human beings from eating dangerous substances. Nuclear power must be gotten rid of."

Strangely, Carlsson had no harsh word for the Russians or their lack of safety measures, although Chernobyl reactors are of a type discontinued in the West in the 1950s.

The speech marked a renewed campaign under way inside Carlsson's Social Democratic Party to outlaw nuclear power, which would demolish the Swedish economy. Sweden is, at present, 40% nuclear-dependent for energy.

### Space

#### Administration says orbiter will be built

President Reagan announced Aug. 15 that a fourth Space Shuttle orbiter will be constructed to replace the Challenger, beginning this year, and, contrary to lying reports in the media, without cutting any other NASA program to pay for it. He will ask Congress for an additional \$272 million for FY1987. The orbiter is to be completed by 1991.

The President said that the effort will not interfere with the timetable for the construction of the permanently manned space station. The announcement keeps the United States on the timeline for optimum deployment of both the SDI and the Space Commission's projections for a permanent settlement on Mars by 2015.

White House spokesman Larry Speakes broke precedent by making a direct link between the Shuttle effort and the President's Strategic Defense Initiative, normally avoided because of the civilian role of NASA. In response to queries by *EIR*, Speakes made the understatement, "[The new Shuttle] will help more than hurt."

Also, the path for this deployment was cleared by allowing private development of space launch capabilities, with the announcement that NASA would no longer handle commercial contracts. Contracts from the Department of Defense were drawn up in early August to four major firms to design

a new medium-range rocket with the specification that it have a commercial application. Private commercial launches could begin by 1989.

### Foreign Exchange

#### 'Foreign transactions' outstrip world trade

The United States, Britain, and Japan averaged \$60 trillion in gross foreign transactions as of March 1985. According to studies released by central banks, daily gross foreign-exchange transactions averaged \$240 billion among the three countries.

U.S. banks and financial institutions had gross foreign-exchange transactions of \$77 billion a day in March—or roughly \$59 billion, eliminating double-counting of transactions between two institutions.

The average trade by U.S. banks was \$3.4 billion, but London leads the world in foreign exchange volume, according to a survey by the Bank of England.

This is about 50 times the annual volume of world trade.

### International Trade

#### U.S. wants to keep Soviets out of GATT

The Reagan administration will oppose the Soviet bid to participate in the General Agreement on Trade and Tariffs (GATT), the U.S. Trade Representative's office said on Aug. 21.

Spokeswoman Debra Busker said, "The Soviet international trading system is at fundamental, practical, and philosophical variance with the principles and practices of the GATT."

GATT sources in Geneva announced Aug. 20 that the Soviet Union had made a bid to take part in the 92-member world trade body, in a letter from General Secretary Mikhail Gorbachov to the GATT secretariat.

● **GIBRALTAR** is becoming the "Hong Kong of the Mediterranean," attracting large sums of money primarily from British expatriates living in Spain and Portugal, the *Daily Telegraph* of London reported Aug. 16. "Gibraltar has obvious benefits over such places as Panama. It is also outside the realm of U.K. tax legislation."

● **FIVE U.S. SENATORS** introduced a bill on Aug. 15 to impose a barrel fee on imported oil to protect the domestic industry. The sponsors hail from oil-producing states, and include Sens. Lloyd Bentsen (D-Tex.), Russell Long (D-La.), and Peter Domenici (R-N.M.). The bill would set a \$4 per barrel fee on oil prices below \$18 per barrel, falling incrementally to reach zero when oil prices reach \$22 per barrel.

● **THE WORLD BANK'S** net transfer to the developing sector in 1985 was close to zero, according to the London-based *Africa Research Bulletin* in mid-August. One financial analyst said: "The very raison d'être of the Bank as a development finance agency will come into question. . . . We are facing a disastrous scenario whereby the World Bank and the IMF have become a 'drain' on the resources of the developing countries." In the fiscal year ending June 30, the IMF had withdrawn some \$4 billion from developing countries.

● **ITALY'S ALITALIA** Air Line is beginning direct flights between Rome and Lima, Peru, Alitalia's directors announced on Aug. 19. The flights will be twice weekly, and will be the only direct flights to Lima from southern Europe. Alitalia's directors said the flights were being initiated in view of the growing trade between Italy and Peru.