

## Business Briefs

### Free Enterprise

#### **Soviets open door for 'capitalism'**

The Supreme Soviet of the U.S.S.R. on Nov. 19 passed a "Law on Individual Labor," which provides that beginning May 1, 1987, Soviet citizens will be allowed to engage in 29 types of production and service activities in the private sector.

These will include making clothes, shoes, furniture, toys, and fishing tackle. Skilled workmen would be free to repair houses, cars, televisions, and radios, and car owners can use their vehicles as taxis.

The law applies to citizens over 18, provided they also hold down a state job, as well as housewives, students, pensioners, and the disabled. Only family members will be able to run businesses, since the constitution forbids the private hiring of labor ("wage slavery"), and tax must be paid on all earnings.

The Supreme Soviet, on the same day, had a discussion of the poor quality of work in the state sector. Examples were given of apartment buildings that had been approved even though they lacked elevators, light, or water.

Alexei Shkolnikov, the president of the Committee of People's Control, a governmental supervisory body, said his inspectors had found many state goods were made "carelessly." The quality of all industrial production, he said, needed "drastic improvement," but the housing sector was particularly bad.

Shkolnikov criticized one prize-winning tractor factory in Kharkov in the Ukraine that he said was turning out 14 defective machines in every 100.

### Dope, Inc.

#### **Drug traffickers indicted in Miami**

The U.S. Attorney's office in Miami released an indictment—three years in the making—on Nov. 19 that charges nine of the world's leading drug traffickers with crimes ranging from racketeering and mur-

der to smuggling of nearly 60 tons of cocaine into the United States since the early 1980s. The indictment included charges relating to the murder of undercover drug-agent Barry Seal earlier this year. One person named is "former" aide to Nicaragua's Tomas Borge, Federico Vaughan, whom Seal exposed as working with Pablo Escobar, Carlos Lehder, etc. in the cocaine smuggling operation.

Named in the indictment are the "Medellin cartel" from Colombia, including Escobar, Lehder, and the three Ochoa brothers.

Since all the individuals indicted are fugitives, it is not yet clear where the extradition requests on these criminals stand. As one U.S. spokesman said, "Unfortunately, it's just an indictment."

Extensive press coverage of the indictments stressed the vast size of the drug cartel's international operations. One article attempted to smear the CIA by noting that the plane in which Eugene Hasenfus was shot down by the Nicaraguans was the same used by Barry Seal for cocaine smuggling (i.e., a CIA plane).

The *Washington Times* claims the indictment was sealed in August in order not to embarrass the newly installed government of President Virgilio Barco in Colombia.

### The Invisible Hand

#### **Data on U.S. economy to be classified**

In mid-November, National Security Decision Directive 145 was issued that classified certain public data. Guidelines restricting the release of unclassified data were signed by National Security Director John Poindexter.

The data include medical, Social Security, Internal Revenue Service records, as well as U.S. Department of Agriculture news about crops. Donald C. Latham from the Department of Defense explained that although the data may be unclassified, they could have national security implications when viewed in the context of other unclassified data.

By classifying data about food produc-

tion, perhaps the administration hopes no one will notice that we have no more farmers. Is the plan to make the depression a state secret?

### Austerity

#### **56% of Mexican budget goes for debt service**

Mexico's 1987 fiscal budget will climb to 86.211 trillion (about \$104 billion at current exchange rates) pesos—54 trillion pesos (167.7%) more than was authorized for 1986.

Of the total amount, 55.9% or 48.238 trillion pesos will be used to pay interest, amortization, and capital on foreign and domestic debt. There is also a "reserve" of \$500 million, held abroad, in case there is no recovery in the first three months of the year.

In addition, according to the federal spending law for 1987, the programmable expenditure will be 33.55 trillion pesos. Of this, social services will receive 8.565 trillion; the energy sector 8.633 trillion; education, 4.299 trillion; and industry, 4.18 trillion.

### International Trade

#### **Japan agrees to limit machine-tool exports**

Japan has tentatively agreed to curb its machine-tool exports to the United States as part of a broad U.S. attempt to shield its defense ability from reliance on foreign tools, the Commerce Department announced Nov. 20.

The Commerce Department also said that talks with Taiwan, West Germany, and Switzerland were continuing, in an effort to hold down the shipments of those countries to the U.S. market. "This agreement is a positive step toward rebuilding our country's national defense capability," said James Gray, president of the National Machine-Tool Builders Association.

Commerce Secretary Malcolm Baldrige said in a statement, "We are pleased with

the progress we have made thus far in achieving the objectives of the President's program."

The number of machine-tool industry production workers has dropped from 67,000 workers to 44,500 workers (34%) in the past five years.

Some observers wonder at the wisdom of this approach. Where is the guarantee that the U.S. will again begin producing the machine-tools that it now imports, and no longer produces?

## Education

### Governors say U.S. students can't compete

Education in the United States fails to prepare Americans to compete in the international marketplace, and the place where the situation can be changed is at the state level, according to a Southern Governors' report issued on Nov. 21.

"American education fails to prepare our citizens to compete and participate in the world marketplace," the report, entitled *Cornerstone on Competition*, found. "We know neither the globe nor the cultures of the people who inhabit it."

Among the 27 recommendations of the report are: Geography should be taught "as a distinct subject" from kindergarten through grade 12. Foreign languages should be required as part of the admission standards of higher education institutions, and should be taught as early as the first grade. State world-trade centers should be established to provide education and marketing assistance, and foreign exchange programs should be expanded for Americans.

## Africa

### Nigeria caves in to IMF austerity

The military regime of Nigerian President Ibrahim Babangida, which came to power in a bloodless coup in August 1985, has now accepted the austerity program suggested by the International Monetary Fund, ending "one of Africa's last significant bastions of

resistance to the West's economic wisdom," according to London's *Financial Times* on Nov. 18. But if his "radical program" doesn't cause recovery, "there may be officers in the barracks who feel they could do better."

In September, the country that is potentially an African superpower launched a weekly hard currency auction and the result has been a massive devaluation of Nigeria's currency, the naira. Imports of rice (which reached nearly 600,000 tons in 1981) have now been banned and wheat imports will end next year. Major capital projects, such as the multi-billion dollar Ajakuta steel project are being reassessed by a joint government and World Bank team.

As Michael Holman, Africa editor of *Financial Times* and author of the article, points out, in one respect the strategy has already been successful: "It has gained the explicit endorsement of the IMF, which has declared Nigeria eligible for an SDR 650 million (\$540 million) stand-by loan. . . . As a result of the Fund's imprimatur, the longstanding deadlock in efforts to reschedule Nigeria's \$22 billion external debt appears to have been broken."

## War on Drugs

### OAS announces alliance to fight trafficking

The Organization of American States (OAS) announced in mid-November that an American Alliance Against Narcotics Traffic will be formed.

The 31 foreign ministers of the OAS agreed to a proposal from Peruvian delegate Luis González Posada that declares drugs to be a "crime of broad international scope that should be determined by all the member states in order to achieve its total eradication from the continent."

A data bank for the exchange of information and experiences will be operated by a new Inter-American Commission on the Improper Use of Drugs. According to the Peruvian Andina wire service, the ministers also agreed on a regional fund against narcotics traffic.

González Posada welcomed "the political will to face the so-called multinational of crime."

# Briefly

● **THE LONDON STOCK** Exchange has issued a warning to every brokerage firm in Britain on the risks involved in helping "launder" drug money in a letter from Stock Exchange Council Secretary Martin Fidler spelling out the implications of the Government's Drug Trafficking Offenses Act. The Act states that anyone involved in helping transfer money has committed an offense if he or she even suspects it is profits from the drug business.

● **SUDAN** opened talks with the IMF on Nov. 16 on an economic reform package and ways to handle a foreign debt of \$10 billion, the official Sudan News Agency (SUNA) reported. Finance Minister Omer Beshir, heading the Sudanese side in the talks, said that the IMF team understood that Sudan's economic problems had accumulated over many years and could not be resolved in one. Sudan is \$300 million in arrears with the IMF, which earlier this year froze credits to Khartoum.

● **LIGHTING GROUP** of Cooper Industries, Inc., will close its plant in Racine, Wisconsin, because of recent changes in the company, according to a mid-November announcement from Dan Thompson, president of the company. Due to redundancy in equipment, the manufacture of products produced at the Racine plant will be accomplished at Vicksburg, Mississippi, creating 175 jobs in that area, he reported.

● **ARMAND HAMMER** announced on Nov. 20 that Occidental Petroleum would eliminate 300 staff positions by combining its international and domestic oil and gas operations into one company. "This reorganization will allow us to avoid duplication in many areas, and we expect to eliminate 300 staff positions," Hammer said. He added that the restructuring was the final step involved in blending the operations of Cities Service into Occidental.