

Business Briefs

Science

Space technology called backbone of economy

James Fletcher, director of the National Aeronautics and Space Administration, said May 13 that the American space program has paid for itself two or three times over.

Speaking to an audience in Chicago, Fletcher stressed that technology developed in the space program is now the backbone of the U.S. economy. \$200 or \$300 billion has been returned to the economy for the \$100 billion spent.

He stated that 30,000 new or improved products resulted from space research and development, and pointed to electronic calculators and programmable heart pacemakers as examples.

Earlier studies, including one by Chase Econometrics, estimated that at the height of the Apollo Moon-shot program during the 1960s, 6,000 new technologies a month were being introduced to the private-sector economy. Chase stated that for every \$1 spent on space research, \$14 was generated through improved productivity in the civilian economy.

Agriculture

Black Africa can't feed its population

According to the latest report of the U.N. Food and Agriculture Organization, the nations of Black Africa, who suffered severe drought and famine in 1985-86, are still not in a position to feed their populations alone, and will require continued international aid.

The report particularly stresses the cases of Ethiopia, Angola, Botswana, Lesotho and Mozambique. These five, says the FAO, will need need "extreme food help" in the next 12 months.

The report said that this year's grain deficit for nations south of the Sahara is almost 7.5 million tons. According to FAO estimates, 4.5 million tons could be covered by

commercial imports; 3.2 million tons will have to come from food gifts.

International Trade

India, Soviets sign new agreements

The governments of India and the Soviet Union have reached agreements that are intended to increase Indo-Soviet trade turnover by two-and-a-half times in the next five years.

Included in the trade basket are chemicals, power, coal, steel, electronics, and railways. The "service sector" has also been identified as a new area for expanded commercial ties.

Indian companies are said to be likely to receive the contracts for construction of three hostel complexes in Tashkent, Samarkand, and Bukhara, U.S.S.R.

The Russians will market manufactured goods in India, including tea, coffee, tobacco, textiles, leather goods, and machinery.

At present, there is a large trade surplus between the two countries in India's favor. The current agreements are said to be designed to bring trade more into balance.

International Credit

Sudan to follow Zambia on debt?

On May 4, Sudanese Finance Minister Beshir Omar declared that Sudan was not able to pay the total debt service it owes to foreign creditors this year, and will not seek to do so.

Sudan owes foreign bankers some \$10.6 billion in payments for 1987.

Omar called for the outright cancellation of the debt of all drought-affected African countries, adding that for debt to private banks, rescheduling could be considered, provided no interest payments whatsoever were paid.

Sudan is only paying 20% of the debt service due this year.

In early May, Zambia announced that it was suspending all but a small percentage of its current debt service payments. Government spokesmen denounced the policies of the International Monetary Fund as destructive.

The Debt Bomb

Colombian official calls for moratorium

Colombian Controller of the Currency González García has called for a debt moratorium by his nation. Addressing an audience of business executives in Cali May 10, he stated: "Since the times of Bolivar and Santander, Colombia has had moratoria, not because we are accustomed to not paying, but because the debts exceed the abilities of the debtors. It is legal to declare moratoria, because more important than debt is human survival of all nations such as ours."

He complained that the country pays one-quarter of its export earnings to meet "exaggerated commitments to the multinational and international banks.

"How are we going to maintain a policy of social development if there is no basic budget support to repair highways, to resolve the problems the guerrillas leave in their destructive wake, to revive the marginalized zones."

Finance

Japan to auction bonds to foreigners

Japan plans to auction some of its government bonds in a way that suggests Tokyo is responding to U.S. pressure to open its markets more to foreign, especially U.S., firms. Currently, most Japanese government bonds are sold to a syndicate controlled by local institutions, which in turn sells them to other

Briefly

members. Now, in many cases, foreign firms will be able to bid on an equal basis.

In early May, the U.S. House of Representatives passed an amendment to its trade bill barring foreign firms, i.e., Japanese, from being primary dealers in U.S. government securities unless U.S. firms were granted equal access there.

Forcing Japan to open its markets for looting by desperate international financial institutions has long been the program of the Trilateral Commission, and is currently an incorporated feature of Reagan administration trade war policy.

The Japanese government is considering, in addition to 20-year bonds, auctioning off at least some of its 10-year bonds.

This "sounds like a major advance coming sooner than most people expected. . . . It would be a major step forward, if these government auctions were to be implemented in such a way that the foreign firms and the Japanese were able to bid on an equal basis," said Mark J. Lerner, head of Merrill Lynch's Japan Banking Group in New York.

U.S. financial institutions are also demanding more than the six seats they currently have on the Tokyo stock exchange. Currently, Merrill Lynch, Morgan Stanley; Goldman, Sachs; and a unit of Citicorp hold seats.

Infrastructure

Brazil's big-project plans upset World Bank

World Bank officials have received "disagreeably" plans disclosed by the Brazilian government to invest billions in the next three years in major infrastructure projects.

According to a report in Rio's *Gazeta Mercantil*, the value of infrastructure projects planned by the government of José Sarney, but not included in the 1987 budget, is \$20 billion. The sum includes \$2.4 billion for a north-south railway link; \$6.1 billion for a Rio-Sao Paulo rail link; an east-west rail link, and various others.

According to the report, World Bank "technicians" recently reviewed the invest-

ment plans, and concluded that Brazil's intent is to invest nearly \$16 billion in these projects in each of the next three years. The World Bank considered this viable, but objected to the \$20 billion figure.

A second *Gazeta* report says that both the International Monetary Fund and World Bank are against the north-south rail link, pronouncing it "exorbitant" and "seriously affecting the credibility of the Sarney government."

Government

Justice Dept. plans tax-case changes

Former officials of the IRS and Justice Department are opposed to a plan, expected to be approved soon, that would cut Justice Department tax lawyers in Washington out of the process of selecting tax fraud cases for prosecution. Instead, U.S. Attorneys around the nation would decide which cases to pursue.

The department's Washington tax lawyers would handle only the "overflow" of cases the U.S. Attorneys did not want to pursue.

However, in a letter to Attorney General Edwin Meese, 21 Washington tax lawyers, many of them former officials at the IRS and Justice Department, objected to the plan, stating that similar decentralization proposals "have been considered and rejected by successive attorneys general over the last 50 years as unworkable and likely to jeopardize the national criminal enforcement program of the Internal Revenue Service."

The current IRS commissioner, Lawrence B. Gibbs, also objected to the plan, saying that a decentralized system like the proposed one "would have a very adverse impact" on tax enforcement.

Former IRS commissioner Sheldon S. Cohen stated that U.S. attorneys "don't know anything about sophisticated kinds of financial-transaction cases. They tend to crap them up."

Nevertheless, Deputy Attorney General Arnold Burns is expected to approve the plan soon.

● **2,500 PEOPLE** mobbed a local hotel on May 7-8 to compete for 25 jobs offered by Lever Brothers at its soap manufacturing plant in southeast Baltimore. "Eager job hunters began lining up at 11 p.m. Friday and waited outside all night," said a local press report.

● **BILL BRADLEY**, the senator from New Jersey, told a Washington meeting of the Council of the Americas May 12 that the debt policies of the Reagan administration are opening up Ibero-America to Soviet influence. He noted that Mikhail Gorbachov will visit Ibero-America in September. "Why don't U.S. banks charge Brazil the same spreads they charge the Soviet Union?" the senator asked. That would save Brazil \$2 billion a year.

● **JAMES BAKER**, Secretary of the Treasury, has asked the Council of Economic Advisers to study the possibility of employing a national lottery to help shrink the U.S. budget deficit. Opposition is expected to come from those opposed to government-sponsored gambling, states which already have lotteries and are afraid their take will be lowered, and those who say they have no idea how to estimate, and so budget for, what the take will be.

● **AN ARTICLE** by *EIR*'s Brazilian correspondent, Lorenzo Carrasco, was featured prominently in the May 12 *Jornal do Commercio* in Brazil. Titled "World Financial Collapse Soon," Carrasco's article stated: that the recent ouster of Finance Minister Dilson Funaro "is far from ending the real dangers of an imminent world financial collapse, whose responsibility falls exclusively on the usurious financial and banking practices practiced with the tolerance of the U.S. Federal Reserve."