

# Business Briefs

## Financing

### U.S. cities' revenue sources exhausted

American cities have exhausted their sources of revenue, according to a new report issued by the National League of Cities.

The report shows that local officials are canceling investments in basic economic infrastructure, such as building roads, as they scramble to keep basic social programs afloat, according to the *Baltimore Sun* Aug. 29.

In a rare acknowledgement of the social unrest that accompanies austerity, an official of the league said that "We've got a real serious internal threat to our stability and future."

Mayor James Moran of Alexandria, Virginia added that U.S. cities have already exhausted their ability to raise revenue. In 1979, the cities received \$55.5 billion from the federal government; in 1989 they will receive only \$15.8 billion. The 1990 amount is frozen at the 1989 level.

But instead of calling for changes in economic policies which could regenerate productive output, the League called for money to be taken away from the defense budget and redirected to the cities.

## Debt

### Africa warns debt bomb could explode

African officials meeting in Cairo, Egypt for a three-day seminar arranged by the Organization of African Unity beginning on Aug. 28, are warning creditors that Africa is unable to pay its debt and that the debt bomb could explode.

The officials are attempting to step up pressure for an international conference on the continent's \$240 billion foreign debt.

"By the year 2002 the total debt of Africa may explode to a value of \$1,500 billion," warned a briefing document prepared for delegates, according to Reuters Aug. 27.

"If the borrowing terms continued in the medium and long run, servicing this fast-increasing debt could be unsustainable."

The OAU, now headed by Egypt's President Hosni Mubarak, complained that the proposed conference has not received international acceptance, and that some of the measures it wants to discuss have not been understood. A seminar document described the series of creditor initiatives in recent years to ease Africa's debt burden as being of limited help. The document said foreign debt is the main obstacle to growth in Africa's economies, which have been hit by falling prices for the continent's primary exports of minerals and farm products, and by civil strife and drought.

The document said a slowdown in foreign aid and a jump in debt dues, which in some countries exceeded export earnings, have turned the world's poorest continent into a net exporter of resources.

## Ibero-America

### Wall Street worried about LaRouche ties

The rapidly growing influence of U.S. economist and statesman Lyndon LaRouche among nationalist circles throughout Ibero-America has drawn cries of protest from the U.S. financial establishment, in the form of a major commentary appearing in the Sept. 1 *Wall Street Journal*.

The commentary, entitled "Lyndon LaRouche's Latin American Connection" and authored by Sergio Sarmiento, Spanish-language editor of *Encyclopaedia Britannica* and a newspaper columnist based in Mexico, complains that:

1) the LaRouche-associated Mexican Labor Party has claimed that the National Action Party is a Nazi-Communist operation;

2) a spokesman for Panama's Gen. Manuel Noriega has stated that the latter has close links to LaRouche;

3) LaRouche-tied publications supported the "corrupt" Mexican oil workers union against the Mexican government's attempts to shut it down; and that

4) LaRouche activists have been supporting Peruvian President Alan García in his attempts to oppose the International Monetary Fund.

Sarmiento also references the April 28, 1989 advertisement appearing in the *Washington Post* and signed by more than 100 Ibero-American congressmen, demanding LaRouche's release from prison.

"Perhaps no one takes LaRouche's ideas seriously," Sarmiento lamely concludes. "But his kind of lunacy may not be as innocent as it seems. For political bigwigs enamored of conspiracy theories, and pressed with the need to find goons willing to do dirty jobs for them, his organization is too useful to turn down. Where else would one find someone willing to spread a rumor on the mental illness of a presidential candidate [Michael Dukakis], to claim that the critics of a certain President [Alan García] are drug traffickers, to argue that a conservative party [the PAN] is funded by the KGB. . . ?"

## Chemical Industry

### Du Ponts lost money on condom stocks

Lewis du Pont Smith, member of the Delaware-based Du Pont chemical dynasty, said that his family has lost millions of dollars by acting against his advice and investing in companies which produce condoms. He said the family was "trying to profit off the tragedy of AIDS," adding that millions more were lost because they refused to sell their shares of the Wang computer firm at a time when it was clear that it was having serious financial troubles.

Smith made these accusations at a press conference in Philadelphia on Aug. 28, which he had called to announce his filing of a court petition to remove the Wilmington Trust as the guardian of his trust fund. Two years ago, Smith's family had him declared mentally incompetent, solely on the basis of his political association with economist Lyndon LaRouche, thus depriving Smith of any control of how his trust fund is invested. The petition to regain control of the fund contains numerous demonstrations of the

# Briefly

● **ROBERT ABOUD**, head of the First National Bank of Chicago, announced in Tokyo that ICN Pharmaceuticals, Inc. and its financial adviser, ACB International, signed a letter of intent with the China National Medical Corporation for a joint venture operation in China, according to press reports Aug. 28.

● **DRUG LEGALIZATION** was advocated by the London *Financial Times*. Its lead editorial Aug. 25 states: "There may be no practical alternative to some form of legalization, however politically unpalatable and ethically repugnant that option appears."

● **SAVINGS AND LOAN** losses rose in the second quarter to \$3.7 billion, after a \$3.5 billion loss in the first three months of the year. In the last 12 months, S&L losses totaled nearly \$14 billion.

● **BOVINE** tuberculosis has been found in three Pennsylvania dairy herds so far, and cows from two other herds are considered "deviators," as officials scramble to head off the first outbreak of the disease in the state in 11 years.

● **THE WORLD BANK** has told Indonesia to curb the destruction of its tropical rainforests in a 200-page confidential report on the environment. The bank estimated current destruction at 2.5 million acres a year, or 1% of the country's forest cover.

● **MACHINE TOOL** orders plummeted in July, according to the National Machine Tool Builders Association Aug. 27, as orders collapsed 20.5% from the June level of \$195.90 million, to \$155.65 million—a 29.7% decline from July 1988.

● **MERV GRIFFIN**, who bought Resorts International, Inc. from Donald Trump in November 1988 for \$365 million, announced Aug. 28 that because of severe losses, the company is no longer paying interest to bondholders.

mental competence of the former school-teacher, including his happy marriage, his candidacy in the Democratic primary for the U.S. Congress, where he won 8.5% of the vote, his work as a fundraiser, and the fact that he better analyzed market conditions than did the Wilmington Trust.

"This is simply a political vendetta against my political beliefs," Smith told the *New York Post*. "If anyone is incompetent to handle my money, it's the Wilmington Trust." Smith noted that his family's money managers lost at least \$3 million of his money because they refused to heed his advice to divest stocks before the October 1987 crash.

## Space

### Privately owned rocket boosts payload

For the first time, a privately owned rocket was utilized on Aug. 27 to place a payload into Earth orbit. The Delta launch vehicle, an old standby of the American space program owned by McDonnell Douglas, was used to loft a British television broadcasting satellite into orbit.

The move to use privately owned launches began following the Challenger disaster in January 1986, when President Ronald Reagan directed the National Aeronautics and Space Administration to remove most private payloads from the Space Shuttle launch manifest, giving priority to defense and other government payloads on the Shuttle, which had become the nation's only launch vehicle. Reagan's directive caused McDonnell Douglas, General Dynamics, and Martin Marietta to reopen their previously closed Delta, Atlas, and Titan assembly lines. All three vehicles were designed in the 1960s or earlier.

NASA was able to return the Shuttle to regular flight status long before private industry was able to bring online their two-generation-old rockets.

The only major competitor to these three American companies so far has been Arianespace, a consortium of West European

governments and companies. Arianespace has launched its Ariane launch vehicle 29 times, since its first launch in 1979. The Soviet Union and Communist China have also attempted to proffer their launch services, but with little success. Japan is expected to test a large launch vehicle sometime in the next few years.

## Population

### Gore Vidal says four billion should go

Gore Vidal, the degenerate malthusian author, has issued his latest musings over which four of the Earth's current five billion people should be done away with, in an article in Tiny Rowland's London *Observer* Aug. 27.

In an article entitled "Gods and Greens" appearing in the London *Observer* Aug. 27, Vidal writes, "There are five billion people on a very small planet. At least four of those billion are too many, but which four? That is when the enlightened start talking of planned parenthood, while the dark souls contemplate with ecstasy the Four Horsemen cantering into view. But if the four or whatever billions were to vanish or simply be unborn, what about the planet itself? Although the signs of disaster have been clearly visible for more than a generation, no one has thought to do much of anything to purify the water and the air, and to shut, if possible, those two great holes in the polar skies. Only a world crisis can focus our rulers' attention. This year's skewed harvests may do the trick."

Vidal compared human beings to deadly bacteria. "Think of Earth as a living organism that is being attacked by billions of bacteria whose numbers double every 40 years. Either the host dies, or the virus dies, or both die."

Vidal called for a vast media campaign to condone genocide. "David Hume once observed that all power is with the governed because they are many while the governors are few. How then do the few control the many? Through Opinion, as expressed from the pulpit and in the classroom. Today we can add that terrible word—media."