

Business Briefs

Banking

Volcker mediates in Maryland S&L takeovers

Paul Volcker is personally involved in facilitating the takeover of savings and loan institutions in the state of Maryland by New York banking giants, according to reports.

Maryland Gov. Richard Hughes and state cabinet secretary Thomas H. Maddux met privately in Washington on July 22 with Federal Reserve Chairman Volcker. According to Hughes, they discussed "what interest there is from out-of-state" in purchasing the state's financially troubled savings and loans.

Maddux said the Federal Reserve "could be asked to loan [a] savings bank enough money to make it attractive to a potential buyer."

State officials indicated that they are getting close to finding a buyer for at least one of the most troubled S&Ls, Merritt Commercial Savings. David Rockefeller's Chase Manhattan Bank is said to be interested in the deal, because it would allow Chase into the Maryland market for the first time.

Development

Argentine labor leader to meet with LaRouche

Argentine Peronist and trade union leader Juan Labake has issued a press release in Buenos Aires, announcing that he will journey to the United States to meet with "Democratic party leader Lyndon LaRouche, admirer of Juan Peron, and defender of our rights to the Malvinas."

LaRouche is *EIR's* founder and Contributing Editor, and author of *Operation Juárez*, a program for Ibero-American debt reorganization and integration for industrial development.

Published in the July 22 *Tiempo Argentino*, the release states:

"Mr. LaRouche directs a team of economists which for years has investigated the possibilities of development and integration of Latin America. I hope to bring back the technical information which we need to establish in Argentina an institute dedicated specifically to studying the process of integral industrialization for the next decade. . . ."

Mr. Labake emphasized that the current Alfonsín government has made alliances with the international financial institutions represented by the International Monetary Fund, for which reason the Peronist movement "cannot support official economic policy." No one doubts the necessity of fighting inflation; but the Alfonsín government uses this "as a pretext to deepen the recession and consolidate the destruction of our productive apparatus, begun during the regime of [former Finance Minister] Martínez de Hoz."

The basic cause of inflation in Argentina, stated Labake, is "the low productivity of our economy."

Health Care

Ten-fold increase in British AIDS cases seen

The number of AIDS cases in Britain will triple this year and increase ten-fold in three years, according to the Chief Medical Officer of the British Health Department, Dr. Donald Acheson. Acheson spoke with *EIR* on July 20.

"An exponential increase in the number of infected persons can be expected at least in the immediate future," Acheson asserted. "A substantial proportion" of these people will die from AIDS.

AIDS, or Acquired Immune Deficiency Syndrome, causes the loss of a patient's ability to ward off infectious disease. Its spread is associated with worsened sanitary, health care, and nutritional conditions in society at large. It is now being widely predicted that AIDS will break out of the Haitian, homosexual, and intravenous drug-user

populations in which it has heretofore been concentrated in Europe and the United States. Should it thus attack the population at large, it could become the "Black Death" of the '80s, many specialists fear.

There were 58 new AIDS cases in Britain last year, said Acheson. Most cases will occur in London, he predicted. As many as 10,000 people have been infected with the AIDS virus in Britain to date, and new infections are occurring at the rate of 50 to 100 each week.

World Economy

U.S.-India talks on new economic order?

According to Indian Prime Minister Rajiv Gandhi, President Ronald Reagan is willing to discuss a new world economic order. Gandhi visited the United States in June.

"It is not correct to say that there was no response from the Reagan administration to the demand for a New International Economic Order," said the Indian prime minister in an interview on July 17.

"India and the United States," he continued, "have decided to talk of the New International Economic Order. This was a major step."

Debt

Castro quotes Kissinger, calls Volcker 'heroic'

Cuban dictator Fidel Castro has heaped praise on one of the most hated men in the world, U.S. Federal Reserve Chairman Paul A. Volcker, according to an Argentine newspaper. Volcker, of course, has been instrumental in destroying the economic and military might of the United States and its allies in Europe and the Third World, through his exorbitant-interest-rates policy.

Briefly

In a speech in Havana on July 18, Castro declared:

"The head of the U.S. Federal Reserve Bank, Paul Volcker, has heroically and almost singlehandedly held matters together at the U.S. end," according to the report on his speech that appeared in the daily *La Prensa* of Buenos Aires July 19. Castro also praised the "courage" of Argentine President Raul Alfonsín in implementing his "drastic reform program," the paper reported. Alfonsín introduced a new, and devalued, currency, the austral.

These statements, and some 200 words of the speech overall, are identical to the words used by Henry A. Kissinger in his June 23 *Los Angeles Times* piece on the same subject. Castro has lately sought to capture anti-International Monetary Fund ferment in Ibero-America by proposing a "solution to the debt problem" barely distinguishable from that of Kissinger.

EIR spoke with Sergio Rubín of *Noticias Argentinas* wire service, who swore he had recorded Castro's voice retransmitted on Argentina's Radio El Mundo, giving the same line and even the same words as Kissinger.

A U.S. State Department watch officer on duty would not comment on the matter, on grounds that it was not "a life or death question."

Pestilence of Usury

Mexican concessions to debt-for-equity plan

Mexico has announced a major shift in opening up the country to 100% ownership of enterprises by foreign firms. On July 23, the government reversed an earlier rejection of an IBM proposal to build a computer plant near Guadalajara with the company as sole owner. The case was viewed as a key test of the country's pledge to ease foreign investment restrictions, which currently make Mexican majority ownership mandatory.

In so doing, the government was over-

riding the objections of Mexican-owned computer companies, who could face hard times given the terms of the IBM agreement. IBM promised to export 92% of its production, and to sell personal computers inside Mexico at less than 15% above international prices.

The government also announced that five other foreign-majority projects had been approved, including a \$250 million tourism project near Mazatlan.

Easing of investment laws, including as part of debt-for-equity exchanges which would permit foreign takeover of the Mexican economy, have been a key demand of the nations' creditors and the International Monetary Fund.

Under the terms of IMF-dictated austerity, Mexico will import 1.5 million tons less food this year than last, but will pay more for it because of the devaluation of the peso. The government has just announced a new program of "anti-inflation" austerity measures, including broad new budget cuts and "liberalized" trade measures, as well as the 40% peso devaluation.

Elsewhere on the continent, Brazilian families have stopped eating vegetables because of price increases of between 400% and 1,354%, the result of financial conditions imposed on the country by the IMF and its commercial creditors.

"In my house, we have never eaten so much leaf as now. I continue to serve meat, but only once a week," said a commercial employee with two children.

In Bolivia, where the government was forced to declare a debt moratorium in 1983 for lack of the foreign exchange necessary to import food and medical supplies, much less pay foreign debt, the rate of inflation is 82,000% in 1985 to date! Sources report that Bolivia's GNP has fallen by 8% and purchasing power by more than 25%.

Less than 20% of the total amount disbursed by creditors to Bolivia has entered the impoverished country during the past three years. What did not, ended up in foreign accounts maintained by wealthy Bolivians in Miami and Panama. Between 1971 and 1981, banks loaned Bolivia \$1.099 billion, but capital flight was \$1.688 billion.

● **U.S.-CHINA** nuclear cooperation was one of the results of the meeting between President Reagan and President Li Xiannian of the Peoples Republic of China on July 24 in Washington. The agreement would open the way for American companies to bid on building nuclear power plants in China. Formalization of the accord, which was discussed during the President's visit to China last year, has been held up because of reports that China was involved in helping Pakistan to develop nuclear weapons.

● **DISASTER** is a persistent threat on many of the United States' 545,000 bridges, according to James Burnett, chairman of the National Transportation Safety Board. Burnett said that inadequate inspection of bridges has set the stage for disaster, and that it would require nearly \$45 billion in repairs to make the nation's bridges safe.

● **YUGOSLAV** prices for basic food and energy were increased by as much as 48% on July 20, due to "economic difficulties in agriculture and the power industry," Tanjug news agency reported. Household coal prices went up 18%, the price of flour 48%, bread and sugar 35%, and electricity 20%.

● **CUBA** has been given a debt rollover by Western governments on an estimated \$285 million in payments due in 1985. Chile was given similar treatment by the "Paris Club."

● **AERIAL SPRAYING** on 16,000 acres of range land in Washington state began on July 21 kill grasshoppers threatening millions of acres in Washington and contiguous states. The grasshopper infestation is destroying vegetation on at least 11 million acres in Western states, including 250,000 acres in Washington. The infestation is a product budget cutbacks in government-farmer spray programs in past years.