

Business Briefs

International Credit

Ecuador declares debt moratorium

Ecuadorian President Leon Febres Cordero on March 14 declared that his country had suspended payment on its foreign debt. "I am not ashamed to say it," he said. "It is inevitable that there is no way to pay the foreign debt this year." \$8.2 billion.

Ecuador suffered an earthquake on March 11 which left hundreds dead, thousands homeless, and destroyed 45 kilometers of the nation's oil pipeline. The country will now have to suspend crude oil exports, and will have to import oil to cover domestic needs.

Referring to the devastation caused by the quake, Febres Cordero said, "I first have to rebuild my country before I start paying debts."

making payments to the international banks even before the earthquake occurred.

This year, Ecuador would have had to pay out \$1.3 billion, \$800 million on interest alone, while the drop in the oil price—whose export gives the country half its foreign currency earnings—means a loss of \$1 billion.

Population Control

LaRouche hits genocide policy of 'liberal' media

Lyndon LaRouche, in an article published in the newspaper *New Solidarity* on March 20, denounced the *Washington Post* for a March 12 editorial which demanded that Brazil cut its population.

"Didn't we see enough of that in Nazi-occupied Poland?"

Post evidently fails to grasp the point, that merely because 'neo-malthusian population policies' have become fashionable among liberals, does not mean that genocide is anything but genocide.

"I suggest that the *Post* get off the airy realm of rhetoric, and get down to Earth.

"If you wish to reduce the population of Brazil, please have the honesty to publish a list of the names and addresses of the Brazilians you wish to have eliminated. Have the decency to inform them of your intent to kill them, and at least do them the courtesy of offering to publish their reply in your newspaper."

LaRouche proceeds to demonstrate that the population-density of Brazil is about half that of the United States, and what makes the difference in the two nations' ability to sustain their populations, is basic economic infrastructure. But the *Post* refuses to allow the economic development of Brazil, which would make it possible for an expanding population to thrive. "So, the *Post* demands that the level of economic development be kept significantly below the level needed to maintain existing levels of the population. That means that the corresponding margin of population must die. . . . Gee, fellas, that was exactly Adolf Hitler's policy for occupied Eastern Europe."

In an article published in *EIR* last week (March 20, 1987, "The World Bank's population policy for Brazil"), LaRouche elaborated these issues, and traced the historical origins of today's malthusian genocidalists.

East-West Trade

Pravda seeks closer ties with West Germany

The Soviet newspaper *Pravda* on March 9 featured the possibilities for expanding trade with the Federal Republic of Germany, including an interview with Hans-Joachim Hoffmann, economics minister of West Germany's Saarland.

Pravda put forward a scenario for an intersplicing the Soviet and West German economies so closely as to merit the term "division of labor." According to Hoffmann: "The expansion and deepening of our ties . . . requires a search for new forms of organization. . . . We must by no means permit an unjustified tightening of the discriminatory regime." Hoffmann singled out for criticism the COCOM lists, which restrict the export of Western technology to

communist countries. "The limitations resulting from these lists deprive us, on the one hand, of the opportunity to supply you certain goods, which we are producing and need to sell. On the other hand, it makes you and your industry waste efforts and resources on producing them. Is this really wise, from the standpoint of division of labor?"

Pravda also interviewed Werner Presser, a member of the Society for the Aid of the Economic Development of the Saar, who has had 18 years of experience trading with Soviets. Presser expressed great interest in "the reforms being carried out in your country, including those for the improvement of foreign trade ties."

Foreign Exchange

VW fraud shakes West Germany

The largest financial crime in West German postwar history has looted Europe's largest automaker, Volkswagen of Wolfsburg, of more than 480 million deutschemarks since 1984, through speculation on the international currency exchanges. The amount is close to total corporate earnings for 1986. Several top firm officials have already been fired, but there's more to come.

Frankfurt financial insiders report that the Frankfurt offices of several commercial banks are implicated, including the Hungarian National Bank, Bankers' Trust, and at least one of the largest West German banks. For this reason, the office of the Frankfurt City Prosecutor and the German Criminal Police (BKA) have been called in to the case.

The fraud dates back at least to 1984, and there are preliminary reports that VW employees altered computer records of transactions in order to hide the scale of LaRouche looting. Burkhardt Junger, the manager of VW's foreign exchange operations, told *Stern* magazine on March 19 that the Board of VW was fully aware of the scale of the currency operations.

In recent years, many large multinationals have engaged in various forms of curren-

cy "options" or "forward contracts" to limit losses due to the wild fluctuations of currencies. But, according to reports, VW exceeded all prudence in such dealings. By one account, the company's foreign exchange unit was running trades as high as \$7 billion in paper volumes per day. This was more than five times that of its major competitors.

The VW scandal has already sparked rumors of similar currency losses, at other major German companies.

Public Health

Greens fight for AIDS virus

A Green Party city councilman in Munich is bringing criminal charges against Peter Gauweiler, state secretary of the interior ministry in Bavaria, for "public instigation" because of the measures he implemented to stop the spread of AIDS. The measures include mandatory tests for AIDS of all public servants and prison inmates, and a requirement that AIDS-infected persons inform their doctor or sex partner.

In the neighboring state of Baden-Württemberg, the Green Party has called for an anti-discrimination law for AIDS patients. Three percent of the inhabitants of the state's prisons are infected with AIDS, the local health ministry announced. Barbara Schaefer, state health minister, declared that mandatory testing of the whole population would be unconstitutional and that she would resign, if a majority wants her to act in the same way as Bavaria did.

Energy

U.S. dependence on foreign oil a threat

A new study shows that growing U.S. dependence on imported oil is a threat to national security and has "devastated" domestic oil producers, Energy Secretary John Herrington said on March 17.

The report, *Energy Security*, was re-

quested in 1986 by President Reagan, in response to concerns about falling domestic production and rising imports.

The study rules out an oil-import tax, which has been urged by oil-state members of Congress as a way to raise prices and make drilling profitable for domestic producers. The report claims that a \$10/barrel fee would result in a \$273 billion drop in the Gross National Product by 1995, while total benefits were estimated at less than \$82 billion. The import tax would add 120,000 oil jobs, it is claimed, but would cost at least 400,000 other jobs nationwide.

The following day, Herrington said in an interview on NBC's "Today Show," that the United States could reduce chances of another energy crisis by deregulating natural gas and developing a new oil field in Alaska.

Japan

Economy shows worst performance in years

Japan's economy turned in its worst performance in 12 years in 1986, as the strong yen battered its exporters and sapped business confidence, the government announced on March 17.

The Economic Planning Agency said economic growth slowed to 2.5% last year, from 4.7% in 1985. The 1986 figures were the worst since 1974, when the economy was hit by the first oil price shock.

Prime Minister Yasuhiro Nakasone's economic policy received a blow when he was forced, by an on-off parliamentary boycott, to adopt a provisional budget, according to Japanese economic analysts.

The parliamentary boycott by opposition parties over Nakasone's plans for a 5% sales tax has made it impossible for the full 1987-88 budget to be passed by the start of the fiscal year on April 1, government officials said. Faced with domestic and overseas demands for measures to boost the economy, the government decided to adopt the largest and longest stop-gap budget ever—\$52 billion over 50 days, including up to \$11.8 billion for public works, government officials said.

Briefly

● **WESTINGHOUSE** Electric will supply \$200 million in components and technology to Britain to build a 1,150-megawatt nuclear plant on the southeast coast. The plant was approved after a two-year inquiry analyzed 55 tons of testimony on the economics and safety of the proposed plant. Britain has 38 operating nuclear reactors, supplying 19.3% of the total electricity produced.

● **ITALY'S \$50 MILLION** allocation for fighting AIDS, decided on by Health Minister Carlo Donat Cattin, has still not been disbursed. Prof. Fernando Aiuti, head of the Italian government's anti-AIDS task force, told the press: "What 50 million? It became 10 very fast and now it's 6. And it's all hypothetical, because the provision speaks generically of \$11 million for AIDS and tumors."

● **CONDOMS** are obstructing sewage treatment plants in West Germany, according to the weekly magazine *Ja*. In an interview, Prof. Wolfgang Haber, the head of the environmental affairs department of the federal government, warned that burning condoms was no solution to the disposal problem, since this can release dioxin. He proposed a special million-deutschemark tax for the removal of condoms.

● **THAILAND'S** proposed Kra Canal project has been officially approved by the parliamentary committee designated to study the proposal. The committee will pass the recommendation to Parliament, which convenes in April.

● **WEST GERMANY** is faced with a national strike of steel workers. The ministry of economics speaks of "necessary readjustments in the steel labor force" and points to allegedly "binding decisions at the European Community," as calling for layoffs for 15,000-20,000 workers.