

Business Briefs

Africa

Kaunda highlights debt, AIDS crisis

Zambian President Kenneth Kaunda, recently reelected President of the Organization of African Unity, told a press conference in Washington on Oct. 9 that a "special summit" of the OAU has been scheduled for Nov. 30-Dec. 1, to deal exclusively with the topic of unified action on the debt.

Kaunda, who had recently announced that his own son had died of AIDS, also gave an impassioned appeal for an all-out international effort on AIDS, warning that it could destroy all mankind.

Asked by *EIR* whether he had discussed AIDS with President Reagan during his four-day visit to Washington, Kaunda replied that he discusses it with everyone he meets. "My main point is that we are wasting valuable time. AIDS is an enemy of mankind. It cuts across East and West, North and South, rich and poor. It cuts across ideology, color, and region, and all artificial barriers, to attack mankind as a whole. We must fight it realizing this, or AIDS will destroy us."

Biological Holocaust

AIDS in Yugoslavia nears African levels

The spread of the AIDS epidemic in Yugoslavia is heading for a rate of infection like that in parts of Africa. According to the Foreign Broadcast Information Service's translation of an article printed July 9 of this year in *Rilindja*, the daily paper in the poverty-stricken Kosovo province of Serbia, Yugoslavia, the AIDS virus was detected in 698 out of 5,624 persons tested—nearly 13%! Equipment to test all blood donors in Kosovo, the report said, was to be ordered only in September.

Kosovo, the site of violent strife between ethnic Albanians and Serbs, is one of the poorest areas in Europe.

Medicare

U.S. plans more cuts in health services

The Reagan administration is drafting a proposal to cut Medicare costs, by publishing lists of cheaper "preferred" doctors, and by slapping financial penalties on those Medicare users who choose doctors who do not cut costs, according to the *New York Times* Oct. 13. Medicare provides health services to 31 million elderly and disabled people.

The idea, according to Dr. William Roper, the head of the Medicare program, is to save "at least \$50 million" in the first year, and much more later. Dr. Roper said that the plan was to "steer Medicare patients toward certain doctors who practice a conservative style of medicine, who have a proven track record of providing appropriate medical care without unnecessary utilization of services."

Dirty Money

Britain's 'Guinnessgate' scandal explodes

Heads are rolling in the City of London. The British government on Oct. 13 arrested billionaire Gerald Ronson, head of Heron, the U.K.'s second-largest private company, and one of Britain's richest men, on charges of fraud and grand larceny; former Guinness chairman Ernest Saunders was re-indicted on 37 additional counts of fraud and theft. Five days before, on Oct. 8, broker Sir Jack Lyons was arrested on charges of theft and embezzlement. London broker Tony Parnass was arrested three days ago in Los Angeles.

These are the biggest arrests of City insiders in recent history. "Thatcher wants someone in jail," says a source who reports that the prime minister and Chancellor of the Exchequer Nigel Lawson are behind the arrests.

The political connections of the arrested men are suggested by the fact that Tiny

Rowland, a trader with Khomeini's Iran, put up \$400,000 bail for his business associate Ernest Saunders. Rowland reportedly benefited handsomely in deals with Saunders, at the time that Saunders, together with Wall Street's Ivan Boesky, convicted for insider trading, and Rapid American's Meshulam Riklis, illegally rigged the January 1986 takeover of Distillers.

Austerity

Bonn slashes industry subsidies, health care

The West German government on Oct. 7 announced sweeping budget cuts, totaling 19 billion deutschemarks (\$8.7 billion). The cuts will hit most sharply against state subsidies to coal mining, steel and iron production, shipbuilding, and agriculture.

The government had already announced that 30,000 miners and another 35,000 steel workers will be fired in the next 18 months. And of the 22,000 German shipbuilders, some "30 or 40% will have to quit," said Economics Minister Martin Bangemann.

The second-largest area of budget cuts will be in health care. An example of the effect of the recent budget-cutting, is the case of Düsseldorf University Hospital, which failed to get the money it needed from the state government of North Rhine-Westphalia. A secret letter from the hospital director to staff physicians was leaked to the press on Oct. 12, itemizing austerity measures to be taken:

- Treatment "of very expensive patients" will be reduced;
- Therapy for cancer patients will be done on an outpatient basis;
- Patients with "very expensive dialysis procedures" will not get them as often as before;
- No new personnel will be hired;
- Surgical instruments and garments, catheters, and sheets will be reusable;
- The disinfectant supply will be reduced.

"Other measures in order to save costs can follow," the letter ended.

Briefly

● **E.F. HUTTON** representatives met with Justice Department officials on Oct. 8, to try to head off an indictment of the Wall Street brokerage house. Hutton's Providence, Rhode Island office allegedly converted vast sums of cash into "bearer bonds" for operatives of organized crime. Sources say that most likely there will be an indictment, but the Justice Department has made "no final decision."

● **PABLO ESCOBAR** and Jorge Luis Ochoa, the heads of Colombia's Medellín Cartel of drug traffickers, are featured in *Forbes* and *Fortune* magazines, on a list of the world's 20 top billionaires. The source of their ill-gotten fortunes is not mentioned.

● **DAVID ROCKEFELLER** told a group of industrialists in Toronto that all "intelligent" countries will adopt IMF austerity measures, the Venezuelan daily *El Universal* reported Oct. 4. "The IMF has been made a scapegoat," he said, "because it recommends measures that all intelligent governments must adopt anyway. But we cannot blame the IMF; the truth of the matter is that unless these austerity measures are implemented, these countries will not recover."

● **COMECON**, the Soviet Union's economic bloc, is close to "formal recognition" of the European Community (EC), said Soviet official Lev Tolkunov, who headed a 10-man delegation to Brussels and Strasbourg, at the invitation of the European Parliament. "An agreement could be drawn up and ratified by the end of this year or early in 1988," he said.

● **CARLO DE BENEDETTI**, the Venetian operative who heads the Olivetti firm in Italy, is circulating a proposal for a "Marshall Plan" aid program for the Soviet Union and Eastern Europe, French sources report. De Benedetti has been warning in recent months of the imminent collapse of the economy of the Western world.

Narcotics

Britain, U.S.S.R. set anti-drug program

Great Britain and the Soviet Union are negotiating a memorandum of understanding on cooperation against drug trafficking, according to the British Foreign Office. The negotiations were initiated during the April visit to Moscow of Prime Minister Margaret Thatcher, by Foreign Minister Sir Geoffrey Howe.

Officials of both countries met in Moscow July 9-10, including Home and Foreign Offices, police, and Customs. The talks were very productive, a Foreign Office source said Oct. 12.

On Oct. 8, two Britons were arrested in London on charges stemming from the seizure of almost \$3 million worth of cannabis—the result, British officials say, of cooperation between Scotland Yard and Russian authorities.

International Trade

Moscow charts new deals with Iran

The Soviet Union and Iran have announced that at the end of October, the Soviet airline Aeroflot will resume its Moscow-Teheran flights. This is the latest of several recent moves to increase economic ties between the two countries.

Iranian Oil Minister Gholamreza Aqazadeh was scheduled to visit Moscow in mid-October, to discuss the construction of an oil pipeline through Iran to the Soviet city of Baku. The pipeline would have a capacity of over 700,000 barrels per day, and be used as a transit pipeline for Iranian oil exports.

Also under discussion is a plan to construct a new railway linking Iran and Soviet Azerbaijan.

On Oct. 3, Iran announced that the two countries would soon begin a joint search for oil and gas deposits in the southern Caspian Sea.

On Oct. 6, Iran's transport minister said that a joint shipping line would be established in the Caspian Sea, between Baku and Iranian Caspian ports.

The Soviet ambassador to Teheran met early in October with Iranian Premier Mousavi, and with the Iranian finance and economics minister, to discuss the construction of two power plants in Iran, with Soviet aid and technical personnel.

Conditionalities

Argentina's Alfonsín sets austerity regime

Argentine President Raúl Alfonsín on Oct. 14 announced a shock austerity program, which bankers said is only paralleled by measures adopted during the Great Depression.

He devalued the national currency another 11.8%, on top of a 12.93% devaluation the week before; freed interest rates from government ceilings; freed some consumer items from price controls; increased prices on public services such as bus fares and gasoline by 15%; and he will ask the Congress to pass major tax increases and forced savings measures. He will also make debt-for-equity swaps by foreign creditors easier: 70% of new local projects will be allowed to be financed through such swaps.

These measures are precisely what the International Monetary Fund has been demanding. Argentina had failed to meet IMF targets that were to have been conditions for getting more IMF money. Alfonsín wants to get the IMF to approve the release of \$700 million, through the austerity program.

Inflation in Argentina is up 101.6% so far this year, and 135% from a year ago. The trade surplus is expected to fall to \$900 million or less from last year's \$2.1 billion. Interest payments due this year total \$4.4 billion.

International bankers and the world financial press are applauding the measures. The Argentine trade union federation CGT initially threatened a strike in protest, but then opted to wait and see.