

Business Briefs

Health

German officials urge ban on cows from Britain

The federal public health office in Germany has called for a general import ban on British cows and beef because of the spread of bovine spongiform encephalopathy (BSE) in Great Britain. There, every week, about 700 to 750 cows become infected with this deadly disease, which affects the central nervous system.

The agent for BSE has not yet been isolated, and the disease can also be transmitted to sheep and other animals. Experts believe that infection of humans cannot be excluded.

Leading German scientists are supporting strict measures against importation, and have warned the government not to make the same mistakes, including lack of response to the threat, as it did at the beginning of the AIDS outbreak. They have called for a coordinated approach and an increase in research in order to detect the agent.

Africa

Nigeria jettisons IMF 'reforms'

Nigeria "effectively abandoned the market reforms of the past seven years," when Gen. Sani Abacha, the new head of government, announced on Jan. 10 that he was fixing the Nigerian currency, the naira, at 22 to the dollar, the *International Herald Tribune* reported.

Abacha announced that he had taken steps to prevent the free flow of imports in order "to create a favorable atmosphere for economic revival. . . . Government will actively monitor this decision." Under the International Monetary Fund (IMF) "structural adjustment" program introduced in Nigeria in 1986 by now-ousted General Babangida, the naira had tumbled in value, and was trading at about 48 to the dollar.

The break with the IMF and the World Bank has caused "consternation" among international financial institutions. It is "one of the

most damaging setbacks so far to a general trend toward market economics in Africa," the London *Financial Times* reported on Jan. 12. The Abacha government has "dropped even the rhetoric of transparency and financial accountability," the paper said. It reported that the new budget "gives priority to some notorious projects such as the Ajaokuta steel works, the aluminum smelter, and the new capital in Abuja."

Abacha announced in his 1994 budget speech that all foreign exchange offices would become agents of the Central Bank of Nigeria. "As such they are to henceforth sell foreign exchange at the rate prescribed by the CBN," he said. The foreign exchange offices must "therefore not sell [foreign exchange] to finance imports nor should they sell more than \$2,500 or equivalent to any customer."

Interest rates are expected to drop down to between 12 and 21%, compared with current levels of up to 60%. In response to statements that the decision puts the country "on collision course with the IMF," General Abacha said, "It is no longer enough to insist on reforms whose patterns of effects have been catalogued country after country and yet for the international community not to appreciate what are the likely outcome of changes that it advocates."

Dope, Inc.

Mafia has 'British connection,' says paper

The ease with which criminal money can be laundered through the financial networks of the British Commonwealth has encouraged the highest levels of the Sicilian Mafia to locate many of their operations in London, the Italian daily *Corriere della Sera* reported on Jan. 3. The recycling of dirty money has reached such "shocking dimensions," that one can now speak of a "British connection" to the Sicilian-based mafia, it said.

This exposé confirms, in significant part, the charge made in 1978 in *Dope, Inc.*, a book commissioned by Lyndon Laouche, that British "offshore" arrangements are the key to

international drug-money laundering. The paper points implicitly to the British monarchy's role in protecting money-laundering globally.

Over the past 10 years, leading mafiosi have flocked to London, as the ideal location to "wash" drug money. In London, the paper comments, "dirty money never stinks. . . . The islands of Great Britain are full of offshore firms, which have transformed the islands into authentic fiscal paradises." These "offshore" businesses have "privileged relations with the countries of the Commonwealth," and meet "no serious obstacles" in money laundering.

Corriere stresses that British banks notoriously "ignore the source of their clients' money." There are various "white collars above suspicion" who are selling "precious advice on financial flows" to their best clients, and the criminal outfit Cosa Nostra has learned to exploit this to its own advantage. Reliable sources report that the United Kingdom has been chosen by Italian organized crime as their "secure hiding place."

Japan

Government paralyzed amid economic crisis

"The Hosokawa government is paralyzed," a senior Japanese source told *EIR* recently, which is "a mere reflection of a more serious paralysis overall," including the economic crisis. The Liberal Democratic Party "has evidence it is about to make public, not only that Hosokawa's power broker, Ozawa, is tainted with taking large sums of campaign money from Sagawa Express transport firm, but that [Morihiro] Hosokawa also took from the same. It has paralyzed the government entirely. By now Hosokawa has lost most of his business backing, and the minute the LDP can reveal firm proof Hosokawa took the payoff, Hosokawa is out. I foresee at least six months of political and economic confusion."

Regarding the weak economy, the source noted, "No one now wants to buy stocks. Only by . . . ordering large public pension funds to buy more stock did the government manage any stabilization of the Nikkei before the

March 31 fiscal year end of 1993. On the side of industry, it is not sales of goods per se that is the problem. Rather, during the 1985-90 'bubble economy' years, companies invested huge sums in new capacity. As a result, now they have enormous unused capacity. Thus, the companies are not making the usual capital investment, so they don't need bank loans. Banks for their part are still sitting on a huge mountain of bad real estate debts from the excesses of the 1980s, far, far more than the bank of Japan and Ministry of Finance will admit. So, banks are very reluctant to lend to business, instead making money in money market and derivative activities.

"It is very unhealthy. . . . Since the collapse of communism in 1989, the consensus on where to head and with whom, has broken down. It is still not at all clear to us, if we try to rebuild something with the United States, whether Asia will allow a stronger Japanese presence, what will happen in Europe. . . . It all leads to the present, very dangerous paralysis."

Middle East

Jordan and PLO sign banking agreement

Jordan and the Palestine Liberation Organization signed an agreement on Jan. 7 on cooperation on banking and financial matters. Observers believe that the deal should clear obstacles in the path of infrastructure projects, which could begin by the end of January.

The Italian daily *Corriere della Sera* noted that the conflict between Israel and Jordan over which would sign an economic cooperation agreement with the PLO, had arisen because both wanted access to World Bank funds, estimated at \$2 billion.

Once the board of governors of the Palestinian economic council approves the priorities discussed between the PLO and World Bank, and the engineering consultants have been appointed and the designs approved for the projects, the bids can be prepared. The projects, which include municipal roads, schools, housing in the refugee camps, and solid waste treat-

ment, can then begin immediately. If no further obstacles arise, concrete evidence of progress should be visible within two months.

Under the agreement, the Jordanian Central Bank will have wide-ranging monetary responsibilities in the Occupied Territories. The Jordanian dinar will remain the legal tender, as it has been during the Israeli occupation. The deal allows for "international and Arab currencies" as well, referring to the Egyptian currency, to be circulated in Gaza, and to the dollar, which will be used, not as legal tender, but as a "means of settling accounts between the Palestinian National Authority and the projects financed by the World Bank." The agreement will also allow Jordanian banks to reopen branches in the territories.

Mohammed Z. Nashashibi, chairman of the PLO Economics and Planning Commission, said the agreement was "positive for both sides" and one which "will increase coordination between the Palestinians and Jordanians." On Jan. 8, he told *EIR* that the PLO got more than expected, referring to Jordan's acquiescing to greater PLO say in banking. The Jordanian banks will be reopened in the West Bank and Gaza only "after PLO consultation," and a "Joint Technical Committee will take care of all financial, fiscal, and monetary issues in the Occupied Territories," and not the Jordanian Central Bank alone, as Amman originally demanded.

International Credit

Ramos vetoes cuts in Philippines debt service

On Dec. 30, Philippines President Fidel Ramos vetoed a congressional attempt to cut back on debt service payments in the 1994 budget to service the \$33 billion foreign debt. Congress had chopped \$1.10 billion in debt payments from the budget, the biggest cut in Ramos's \$13 billion spending plan.

Congress can overturn the presidential veto through a two-thirds vote of both houses, but Ramos allies now control both the Senate and the House and a veto override is not considered likely.

Briefly

● **RUSSIA'S** industrial production fell by 16% in 1993, on top of a drop of 18% in 1992, according to figures released by the state statistical committee on Dec. 30, Interfax news agency reported. And on Dec. 29, Deputy Prime Minister Yuri Yarov stated that 49.1 million Russians, about one-third of the population, live below the "minimum for survival" level.

● **INDIA** plans to seek China's help to expand its coal industry, a government statement said on Jan. 7, Reuters reported. India expressed interest in China's experience and technology in mechanized long-wall underground mining. China, the world's largest producer of coal, produced 1,140 million tons in 1992-93; India mined 238 million tons.

● **SUDAN** President Omar Hassan al-Bashir announced plans on Jan. 1 to build the al-Hamadab dam across the Nile River north of Khartoum, Reuters reported. The project "means the end of poverty" because it will meet all Sudan's agricultural and industrial needs, he said.

● **TAIWAN'S** national oil company has received government approval to explore for oil and natural gas with China in disputed fields in the East China Sea, the *United Evening News* reported on Jan. 3. "It would be too late to cooperate . . . if we wait until after the mainland awards fields we claim to a foreign firm," an unnamed Chinese Petroleum Corp. official said.

● **BRISTOL-MYERS SQUIBB**, the drug company, announced a restructuring on Jan. 4 that will eliminate 5,000 jobs worldwide out of a work force of 51,000. In the next two years, 3,500 workers will be laid off, while 1,500 will leave under "early retirement." Company stock shot up \$1.25 per share in response to the "good news."

● **JAPAN** will give Zimbabwe \$7.4 million to build roads and water reservoirs in remote rural areas, in an agreement signed on Jan. 6.