

Business Briefs

Genocide

IMF to cut off Philippine loans

The International Monetary Fund met the week of Sept. 23 in Washington, D.C., to consider suspending the third tranche of loans to the Philippines. According to IMF sources in Manila, the government of President Ferdinand Marcos has "fallen out of compliance" with the austerity conditionalities set by the IMF in 1984.

Bankers in New York and at the Fund are reportedly complaining that the Marcos government has brought down inflation, but carried out none of the other IMF strictures on the economy, including a sharp cut in the money supply, cuts in government spending, and an end to subsidies of food, etc.

The IMF is also demanding total import liberalization—that is, lifting of all tariffs on imports. This was a major feature of the 1980 World Bank "structural adjustment" loan to the Philippines, but was dropped when the foreign exchange crisis hit in 1983.

The IMF says it wants to end the trade surplus the Philippines now has with Japan, the European Community, and the United States—created by the Fund's devaluation policy that has made imports inaccessible to the Philippines.

In the Philippines, the view voiced in the press, both from those in government and those in opposition to Marcos, is that the IMF "stabilization program" forced upon the country in the aftermath of the August 1983 assassination of opposition figure Benigno Aquino, has been an unmitigated failure. The year 1984 registered the worst economic downturn since World War II, with a negative growth rate of 6.5%. In the first six months of this year, GNP fell by another 5.6%.

East-West Trade

British, Soviets discuss aviation deal

According to the *Sunday Times* of Sept. 23, a British aerospace delegation went to Moscow in early September to discuss joint man-

ufacture of 1,000 civil airliners of the Advanced Turboprop (ATP) type, which can hold 64 people. The negotiations began a year ago.

For the British, it "could be their biggest export deal ever." It also is the first time since the last war that Russians have gone abroad for civil aircraft in such numbers.

The deal may not go through, as the Russians are notorious for dangling such carrots with political aims—and no deal ever materialized. Otherwise, the only potential obstacle is that the plane engines are produced in the United States. They therefore might fall under President Reagan's embargo on sensitive technology trade to the Soviet Union.

Dope, Inc.

Bank of America faces \$1 million fine

The Bank of America is negotiating over a \$1 million fine levied on the bank by the Treasury Department for "widespread" failure to report cash transactions as required under the Bank Secrecy Act. The bank is the nation's second-largest financial institution.

In August, Crocker National Bank of San Francisco was fined \$2.5 million for its failure to report nearly \$4 billion in such cash transactions.

The fine brings to a half-dozen the number of banks, the nation's most "respectable," found to be laundering money believed to be linked to the narcotics trade.

The Debt Bomb

EIR upsets bankers' conference

EIR caused a near panic at the press conference called by the finance ministers and central bankers of the major industrialized countries, the Group of Five, following their emergency meeting in New York on Sept. 22.

In front of the officials (including U.S. Treasury Secretary James Baker and Fed chairman Paul Volcker), and 500 journalists, *EIR* correspondent Susan Kokinda

asked:

"Hasn't [Peruvian President] Garcia called the whole question of the international financial system by saying he doesn't recognize the authority of the IMF any more? Would you comment on the fact that the response to this is the report that the friends of Henry Kissinger intend to overthrow the government of Peru?"

After press and staff started yelling, "Don't comment on that! Don't comment," James Baker finally replied: "Let's just say that we did discuss the international debt situation."

European Community

Soviet beef imports to be subsidized

According to a decision taken by the European Community in Brussels on Sept. 21, the Soviet Union's imports of beef will be subsidized with \$420 million by Western Europe's taxpayers. The decision allows big-chunk beef exports of 175,000 tons, worth \$510 million, to be sold to the U.S.S.R. for only \$80 million.

The decision was voted against by German representatives, who charged that Egypt and other Third World countries were recently charged 2.60 deutschmarks for a kilogram of beef, while the Soviets will pay only 1.30 deutschmarks.

The transportation of the meat is being handled by "Red Baron" Jean Baptiste Dumas, the French Communist Party millionaire who also managed the sales of 200, tons of European Community butter to Moscow nine months ago.

International Credit

Lusinch: 'natural and unnatural disasters'

Ibero-America must protect itself from "economic earthquakes," Venezuelan President Jaime Lusinch stated during a press conference on Sept. 25. He said that Ibero-American countries must be protected from "economic and natural earthquakes," by means of clauses that lessen the payment of

the foreign debt in case of disasters.

Referring to the "hard" position taken by Alan García against the IMF, Lusinchi stated: "We have spoken a very clear language in respect to the debt, within the framework of the Cartagena consensus. . . . We think that social and economic conditions in each country shape its behavior, but the situation of the foreign debt in Latin America is something that has a collective accent."

Invisible Hand

U.S. marijuana growers cultivate opium

Since the end of July, federal drug enforcement officials have uncovered nearly 5,000 opium poppy plants in the United States. Drug Enforcement Administration officials have expressed concern at the amount of domestic opium cultivation, and according to Reps. Jack Brooks (D-Tex.), chairman of the House Government Operations Committee, and Glenn English (D-Okla.), there will be a congressional investigation. According to English, "The implications of this criminal activity are enormous."

The DEA told *EIR* that in all cases the poppies had been scored and opium harvested. Given the amounts under cultivation, it is doubtful, however, that the opium was refined into heroin; rather, it was probably used for smoking. DEA officials also noted that in each case the opium poppies were interspersed with marijuana plants and that sophisticated irrigation and related farming methods were employed.

Investments

Hocking charged with swindling

The assistant U.S. attorney for central Illinois, Frances C. Hulin, has filed suit against Kenneth D. Hocking, president of the defunct International Industries Development Corp., of Mattoon, Illinois, for swindling investors.

In 1966, Hocking obtained Peruvian securities from eight cooperatives that were under the control of then Peruvian President Terry Belaúnde's Cooperacion Popular. The securities were issued to build low-income housing on approval by the U.S. State Department's Agency for International Development. AID did not approve the development proposal, thus rendering the securities worthless.

Hocking sold investment packages that included the notes to unsuspecting U.S. investors, telling them they were backed by a guarantee from AID.

Food

New dietary guidelines for malnutrition?

In the midst of a national epidemic of the disease AIDS and an increase in incidence of tuberculosis, a disease associated with malnutrition, the federally chartered National Academy of Sciences has prepared a draft report which proposes lowering by up to 50% the Recommended Dietary Allowances (RDA) for most vitamins and minerals necessary to sustain a healthy person.

The draft is already being widely criticized by experts in the field of nutrition.

The proposed guidelines call for substantial reductions in the daily intake of vitamin A, vitamin C, vitamin B6, and iron, and call for an increase in the amount of calcium needed for women, particularly pregnant women. The proposed guidelines also call for reducing the levels of magnesium and zinc for a healthy diet.

Some nutritionists have noted that the philosophy behind the RDAs "has changed from providing optimal to minimal requirements." Others fear that the report's recommendations could lead institutional menu planners to reduce the number of fruits and vegetables in meals, and could also be used as a rationale for reductions in food assistance programs.

Application of the guidelines to federal food programs could have devastating effects on federal food assistance programs and could be misused to prove that poor Americans are not really lacking in food.

● **DUPONT** has announced the development of a new drug, naltrexone hydrochloride, or Trexan, which has no sensory effects, but bonds to the same receptors in the brain that heroin normally would. It can be used to block heroin from chemically affecting the brain, thus eliminating ex-addict's desire to use the opiate.

● **BARCLAY'S** Bank chairman Timothy Bevan, a member of the Trilateral Commission, arrived in Brazil, Sept. 24, claiming that he was supporting a more "flexible" approach to Brazil's foreign debt than the International Monetary Fund. He also said that he supports Brazilian proposal that its interest payments on foreign debt be used to build a special fund for capital investment in Brazil. Whether this meant turning foreign debt into foreign-held equity was unclear.

● **ECONOMISTS** linked to major banking interests, including former Bank of Italy governor Guido Carli and FIAT executive Cesare Romiti, began meetings at the Monte di Paschi Bank in Siena, Italy, Sept. 25, to discuss, "The Future of the European Economies."

● **CHILE** has denounced Soviet fishing practices in the Pacific. José Toribio Merino, the navy member of the Chilean junta, complained during the United Nations General Assembly that Soviet bloc fishing fleets were looting fishing resources from the Pacific. The Soviet bloc countries are freezing about one million metric tons of jurel fish per year from the territorial waters of Chile and Peru.

● **TRIAD** International, owned by Adnan Khashoggi, is set to receive \$72 million in a new U.S. federal loan guarantee for an ethanol plant being constructed in New Iberia, Louisiana. The funds go through a Triad subsidiary, Agrifuels Refining Corporation.