

## Business Briefs

### Austerity

#### IMF warns Israel against Brazil model

Concluding a 10-day visit to Israel, a delegation from the International Monetary Fund (IMF) warned of a rapid deterioration of the nation's economy, similar to the situation in Brazil and Argentina.

According to the March 11 *Jerusalem Post*, the IMF called for Israel to implement a stricter "plan of economic stabilization," modeled on the British example, and to avoid "making the errors" of Brazil and Argentina. In a March 10 meeting with Israeli economic leaders, the IMF team demanded that "each wage increase, should lead to the layoff of workers" as a compensation. The IMF also criticized a planned increase in the budget deficit, and a tax reform plan which would reduce taxes on individuals.

The Bank of Israel has expressed satisfaction with the recommendations, but the prime minister's economic adviser, Amos Rubin, said that the IMF report is not important, since Israel receives no aid from the Fund.

### Health

#### Koop sticks to AIDS cover-up, attacks Gallo

An official in the office of U.S. Surgeon General C. Everett Koop has admitted that the government is covering up the full extent of the AIDS epidemic, in order to avoid "sheer national panic," the *Sunday Express* of London reported on March 22. Koop himself, whose AIDS program stresses condoms and "safe sex," has meanwhile lashed out at "our critics on the political right"—meaning this magazine and its founder, Lyndon LaRouche.

"Officially we say that we have 31,000 cases over the past few years and half of those victims have died," said Koop's aide, who declined to let his name be published. "Officially we say 250,000 cases are expected in the next four years. But actually

we now believe that there may be more than 1 million AIDS victims in the United States today. . . . We have to keep the pressure on to secure funding, but we must cover up the extent of the epidemic to avoid pushing this country to the brink of national insanity because this really is a plague."

The surgeon general was at pains to continue the cover-up, in a March 25 dispute with AIDS expert Dr. Robert Gallo. Speaking at a conference on "The Socio-Economic Impact of AIDS on Health Care Systems," Gallo said he could not rule out the possibility of casual transmission of the AIDS virus some time in the future, especially if the virus mutates greatly.

Koop called Gallo's comments "frightening," and added, "The information Dr. Gallo gave and implied concerns me, because it will provide ammunition for our critics on the political right, who are constantly seeking other modes of transmission of the AIDS virus beyond sexual intercourse and infection by contaminated needles and blood. These people have suggested everything from toilet seats to pets and insects as possible modes of transmission. Their efforts at finding new methods of casual transmission deflect from our efforts to get people to modify their behavior to help stop the spread of the virus."

### Eastern Europe

#### Yugoslav Army 'cannot ignore' labor unrest

Yugoslav Prime Minister Branko Mikulic, facing an unprecedented wave of strikes over a wage freeze, announced on March 22 that if the Yugoslav constitutional system was threatened, "all means" would be used to defend it, "and that includes the Army." Deputy Defense Secretary Gen. Milan Daljevic backed this up, in a newspaper interview published March 23, warning that the Army could not ignore political developments.

In an attempt to defuse the crisis, the government had announced a price freeze on March 20. With inflation running as high as 130%, workers' wages were cut by 60%, by a law which went into effect on March 1.

According to the official news agency Tanjug, the price freeze will affect food, consumer goods, tools, textiles, and furniture. It will last for 90 days and will hold prices at levels in effect on Dec 31. Said the government: "The disturbance in price movements has reached such proportions that it directly threatens the achievement of set economic policy and development, with strong socio-economic and political consequences."

Yugoslavia is being squeezed both by the Soviet Union and by the International Monetary Fund and Western creditor banks.

### Aerospace

#### Indian space failure will not halt launches

The failure of India's first intercontinental-range rocket, which plunged into the sea on March 24, will not affect the schedule of future launches, space officials said.

The Augmented Satellite Launch Vehicle (ASLV) splashed into the Bay of Bengal two minutes after lift-off. Prime Minister Rajiv Gandhi said the failure was a "small stumble," and that the Indian Space Research Organization should continue its work.

India's first Satellite Launch Vehicle also plunged into the sea after blast-off in 1979, although successful satellite launches took place in 1980 and 1983.

### Labor

#### Thai trade unions reject IMF debt plan

The International Monetary Fund and the World Bank are running into trouble in their efforts to force the government of Thailand to sell off its state enterprises in a debt-for-equity plan. In response to pressure from the trade unions, Prime Minister Prem Tinsulanond announced on Feb. 25 that the government would not sell its profit-making operations. To do so, he said, would jeopardize

## Briefly

ize national sovereignty and national security.

On Feb. 21, the Thai Trade Union Confederation (TTUC) had demonstrated against the divestiture plan, distributing a dossier on the World Bank and IMF, exposing the genocidal method behind the two collection agencies.

Then on March 23, labor leaders blasted the privatization scheme, in a report submitted to Deputy Prime Minister Sontee Boonyachai.

Thailand's state enterprises are profitable and no drain on government resources, bringing a net profit of 13 billion baht to the country last year. Nor does Thailand have a serious debt problem. In February, the government turned down offers from the IMF for the second installment of a standby facility, stating that increased exports have supplied the country with the reserves it requires to pay its creditors.

Still the IMF, World Bank, and the technocrats at the National Economic and Social Development Board (NESDB) have been campaigning for over a year to sell off the country's state sector, centered in energy and transportation. Aside from the actual loss to government revenue, the scheme would also result in the layoff of thousands of workers.

Debate is still raging on whether the government will sell its 12 unprofitable enterprises, concentrated in the public transport sector.

### Foreign Exchange

## Volkswagen fraud implicates Hungarians

Behind the fraudulent currency transactions which led to losses of more than 480 million deutschemarks for the Volkswagen automaker since 1984, lies a conspiracy involving the National Bank of Hungary, informed Swiss and German sources told *EIR*. The bank is believed to have been complicit in a criminal fraud operation to "milk" VW.

In recent years, most multinational corporations have engaged in various forms of currency "swaps," "futures," "options," and

"forward contracts," trying to limit losses due to the wild fluctuations of exchange rates. But VW exceeded all prudence in such dealings. By one account, the company's foreign exchange unit was running trades on a daily basis as high as \$7 billion—more than five times its major competitors.

The game came to a screeching halt on Feb. 18. VW in Wolfsburg, West Germany, issued an order to its Frankfurt broker, Joachim Schmidt, to sell \$50 million to the National Bank of Hungary in Budapest. That bank was supposed to hold a "forward dollar" contract with VW to exchange deutschemarks at 3:1. February was the height of the latest collapse of the dollar, with trading dipping below DM 1.79. The Hungarians "pulled the plug," denying that they had a forward contract and charging that VW telexes and letterhead were forgeries. They also denied complicity in the scam.

Sources report that over the past two years, Hungary, the old Hapsburg and Rothschild banking center, has emerged as "the Switzerland of the Warsaw Pact." The Hungarian National Bank is further believed by intelligence sources to be tied to laundering of profits from illegal operations, including narcotics.

### Energy

## Reagan plans to reduce oil stockpiles

The Reagan administration plans to slow the filling of the Strategic Petroleum Reserve and to sell government-owned oil fields, UPI reports. Assistant Energy Secretary Allen Wampler, testifying at House budget hearings on March 24, said that the administration wants to cut the fill rate for the energy reserve from the current 75,000 barrels a day to 35,000 barrels a day.

He said, however, that the administration remains committed to filling the reserve eventually to its planned capacity of 750 million barrels. Wampler added that the administration wants to sell the producing Elk Hills field and Teapot Dome Naval Petroleum Reserves in California and Wyoming to private industry.

● **THE SEC** has subpoenaed American Express, Shearson Lehman, and Salomon Brothers, as a result of confessions of the recently arrested stock market manipulator Boyd Jeffries of Los Angeles. Jeffries, who has struck a deal with the government, cited these companies as complicit in his criminal operations.

● **NATURAL RUBBER** producers and consumers adopted a new agreement in March aimed at stabilizing world prices over the next five years. The new pact, negotiated in Geneva under the auspices of the United Nations Conference on Trade and Development (UNCTAD), uses a buffer stock to keep prices stable by selling or buying rubber as rates rise or fall.

● **RUTH ROEMER**, president of the American Public Health Association, no longer accepts the APHA's view that "the No. 1 public health problem is the danger of nuclear war. . . . I have revised my thinking about what the No. 1 public health problem is now. I'm just scared that it might be AIDS." Roemer was quoted in the *Chicago Tribune* on March 22.

● **THE SOVIET STATE BANK** and foreign trade bank have signed agreements for joint capital ventures with Crédit Lyonnais, the third-largest bank in France, and Banque de l'Union Européenne. The banks agreed to promote and finance mixed capital ventures in the Soviet Union.

● **STORE OWNERS** in Columbia, Missouri, along the parade route taken by President Reagan and his entourage on March 26, refused to remove "Going Out of Business" signs from their windows, as requested by the Central Columbia Association. Said one of the bankrupt store owners, Jimmy Hourigan of the 119-year-old Barth Clothing Co., "I think it's a good idea for the President to see what's going on," the *Washington Post* reported March 26.