Business Briefs

Food & Agriculture

Salmonella outbreak shows dairy breakdown

The largest outbreak of salmonella food poisoning in U.S. history—carried through milk from a Chicago processing plant—shows the deadly collapse process under way in the milk supply. Two deaths have been linked to the salmonella outbreak in five states. Illinois public health department officials said that 2,827 cases of food poisoning were reported, with 2,214 confirmed.

All the victims had drunk 2% milk sold by the Jewel Co., Inc., and produced at the Hillfarm Dairy for distribution to five midwestern states.

The media played up possible sabotage, which is not improbable given the social terrorism tactics seen in Europe and elsewhere in the form of poisoned candy and oranges. It is difficult for salmonella to survive the pasteurization process.

However, the Illinois case follows a pattern of many smaller outbreaks of bacterial disease over recent months, including from airline food vendors and other bulk food suppliers.

March 31 was the end date for the 15 month USDA "Dairy Diversion" program—the unprecedented program in which milk output and dairy cows were reduced by federal payments to farmers of $10 a month for every 100 pounds of milk not produced. Hundreds of thousands of top milk cows went to slaughter. By this summer, regions like the southeast will not even be able to "import" milk from Wisconsin.

Oligarchism

Kissinger partner wants IMF diktat

Lord Eric Roll, a director of Kissinger Associates and chief of Warburg Bank of London, endorsed an expanded role for the International Monetary Fund, in dictating U.S. economic policies during a speech to hundreds of top U.S. and European bankers at Johns Hopkins School of Advanced and International Studies in Washington on April 11. The speech was made days before the opening of the IMF's interim committee meeting in Washington on April 17.

Roll said that due to political considerations, the IMF would probably not play a direct role in shaping U.S. economic policies, but would wield influence through "indirect methods, such as through the Interim Committee and at the Bonn summit." Roll, who criticized the U.S.'s "vast expansionary" economic policies, stressed to a reporter later that "the IMF must be tremendously interested with the U.S. economy, because of its influence on the world economic situation."

Roll called for a new world monetary system based on the Moscow-dominated ECU (European Currency Unit), and termed the growth of the European Monetary System and the increased role of the ECU "very positive developments," and added: "A more effective EMS might form another pillar on which . . . the international monetary system" can be rebuilt. Roll said that: "The dollar won't cease overnight to be the most important international currency, but other currencies, including the ECU, will certainly take on a greater and greater role" in international markets.

Currencies

Soviets want ECU instead of dollar

The Soviets want the European Currency Unit as the central trading currency for future purchases in Western Europe. According to the Soviets, the ECU (European Currency Unit) is "more calculable" than the U.S. dollar or any of the European national currencies.

At a meeting in Madrid the week of April 8, the European section of the Socialist International discussed the monetary decoupling of the Western European economies from the dollar. The ECU, it proposes, should become an international reserve currency equal to the dollar and the yen.

The "Commission on French-Soviet Cooperation" met on April 6-7 and decided that economic exchanges between France and the U.S.S.R. will be increased by 4 billion francs in the coming year, much of it denominated in ECUs. France's trade deficit with the Soviet Union reached FF 5.2 billion this year due primarily to the decline in Soviet purchases of French capital goods—from FF 7.4 billion in 1981 to only FF 0.8 billion this year, France becoming mainly a buyer of Soviet gas. The projects so financed will include a Soviet steel complex valued at $1 billion.

Debt for Equity

Venezuelan President blasts asset grab

"It is absurd for Latin America to have become a net exporter of capital," Venezuelan President Jaime Lusinchi said to David Rockefeller and a roomful of Rockefeller's banker cronies in New York on April 11. Lusinchi warned of "extra-continental implications"—read, Soviet advances—if the looting of the continent is not halted. "The only recoverable credits are those whose payments and interest schedules permit the debtors to produce the wealth necessary to maintain a stable, progressive society. . . . We are confronting a problem of such international dimensions that democracies, economic stability and even the keeping of the peace are at stake."

Venezuela is under heavy pressure from Rockefeller-linked financial groups to turn over equity to foreign creditors as payment for debts (see page 12).

Ibero-America

Ecuador chief puts democracy before IMF

International Monetary Fund economic programs may be incompatible with democracy, declared Ecuadorean President León Febres Cordero in a speech in Princeton, N.J., on April 8. Febres, a partisan of Friedmanite economics who has never breathed open criticism of the IMF before, noted that the IMF had almost pulled the rug out from under Ecuador's recent debt renegotiations by insisting on a radical free trade dogma. Do international institutions "understand our reality?" he asked. "Is the adjustment effort which some countries are making, compatible with democratic government?"

In response to a question from *EIR*, which noted the recent events in Sudan, Febres Cordero reiterated that he would choose democracy over the IMF, if there were no other choices.

Banking

Ex-president of ABA: 75-150 banks may fold

The Midwestern United States will face a "regional collapse" if the farm economy continues to deteriorate, the immediate past president of the American Bankers Association warned on April 5. Robert Brenton, president of Brenton Banks of Des Moines, Iowa, told a Chicago audience: "We could see 75 to 150 [agricultural] banks go under. . .in the next year or 18 months."

In an interview with *Farm Journal* on the farm crisis, Brenton warned, "We could easily see the complete economic breakdown of public services like schools, hospitals, and local governments due to the erosion of the tax bases. There simply won't be enough people left to pay taxes if no one is making any money and everyone else is going broke."

Austerity

IMF orders draconian cuts on Argentina

The Argentine government is about to impose a new draconian austerity regime, ordered by the International Monetary Fund. Including new hikes in fuel and public service rates, the measures "punish" provincial governments which have dared to raise salaries above official guidelines, by reducing allocations of money to them.

Credit to state-run companies will be dramatically reduced, forcing them into the private "free" market where interest rates, compounded annually, are at 1,200%. With a March inflation rate of 27%, the cost of the average family's monthly market basket is 105,000 pesos—*triple* the minimum monthly wage.

International Finance

Group of 30 plots currency blocs

The "Group of 30" held a secretive meeting at the Perugia center of the Bank of Italy beginning April 11, timed to coincide with the IMF Washington meeting the next week. The group, a top-secret private financial mafia, is headed by self-admitted Sufi and former IMF head Johannes Witteveen.

The G-30 refused to disclose details of their agenda to the public.

A well-placed London bank source disclosed it would "discuss outlines of a deal between the U.S., Japan and Europe to resolve the present world monetary impasse which is otherwise about to precipitate a global depression." According to this source, the agenda would focus on several interlinked items to stem a new global banking crisis: drastic U.S. budget deficit cuts; removal of Japanese trade protectionism barriers to allow the yen to rise on international exchange markets; and a decision by European central banks to reflate their economies.

Briefly

● **THE SECOND** government securities firm in six weeks, New Jersey's Bevill, Bresler & Schulman Asset Management Corporation, has folded, with an almost $200 million loss for BBS's creditors, including many savings and loan institutions in Illinois, Ohio, New Jersey, Pennsylvania, Maryland, Arkansas, and other states. The U.S. Army's Central Banking and Investment Fund, based in Alexandria, Va., suffered an $11 million loss due to the bankruptcy.

● **THE IMF FRETS** over its main antagonist: "There is only one group that seems to be actively mobilizing opposition to the Fund. It is called the Schiller Institute, part and parcel of the Lyndon LaRouche organization," a top IMF official told a caller. "They are building up quite a campaign against the IMF. They print the phone number of our managing director. Their group in Sweden distributed flyers against Mr. de Larosière. We spend a lot of time answering phone calls from all over the country from their supporters."

● **EAST GERMANY** may get new credit lines from West Germany. According to unconfirmed rumors, the Bonn government plans to extend interest-free credit lines to East Germany from 800 million to 2 billion DM per year, to allow the G.D.R. to buy up to 85% of its orders in West Germany on credit.

● **THAILAND** has just cancelled two major infrastructure projects in an austerity move: The $2.5 billion integrated steel complex in Prachuab Khiri Khan province intended to produce 1.6 million tons/year of flat steel, and a rock-salt soda-ash fertilizer plant.

● **OIL IMPORTS** for European countries have risen in cost by 34% since April 1983, according to the latest report of International Energy Agency in Paris. Despite a fall in dollar price of oil, the rising dollar caused a rise in local-currency prices for oil and grain, which are priced in dollars on world markets.