

"While General Noriega is in power, U.S. multinational investments in Panama are at risk," says the report, predicting that the Panamanian economy will be in recession in 1988. Political agitation would diminish if Noriega was out of power, according to the firm, but while he is in power, the government is characterized by more populist and nationalist politics. The tract forecasts that Noriega could be out of power by 1988, and that there is a 40% chance that once Noriega is out, a more "moderate" regime could win the elections, such as one headed by the National Democratic Union.

Foreign Exchange

'Peg Ibero-American currencies to yen'

Lyndon H. LaRouche suggests that the nations of Ibero-America should peg their currencies to the value of the yen, at the highest yen value of the dollar during the recent two years.

"The implications should be obvious enough," he said, "both the basis for the choice of pricing, and the implications of debt-reorganization under such pricing. The impact upon James Baker's policy of the falling dollar, vis-à-vis 'the Baker Plan,' should also be obvious enough. This is the time to strike, for those with the brains and guts to do so. Even the proposal to do this should produce a most desirable effect."

AIDS

German doctors score delay in prevention

A one-year delay in preventive anti-AIDS measures in West Germany will mean at least 13,000 more AIDS deaths in the next 10 years, according to a team of German and Scandinavian researchers writing in *Spektrum der Wissenschaft*.

According to the report: "Even if this year a vaccine were developed and the entire world's population vaccinated, the AIDS

epidemic would reach its highest point in 1997, and would be stopped, at the earliest, in the year 2007.

"The number of people sick with AIDS today reflects the extent of the AIDS infection in 1977, when there was a single case known in Europe. Today's rate of infected will not be visible (in terms of actual AIDS cases) before 1997. . . . For this reason, it is always later than we believe."

Energy

British government will underwrite BP losses

The Bank of England agreed to underwrite losses ensuing from the sale of the state-owned British Petroleum company to private holders, in an eleventh-hour compromise Oct. 29, designed to head off a financial catastrophe of international proportions.

BP is the world's third-largest oil company, and Britain's top industrial concern. The crisis began Oct. 15, shortly before the stock market crash, when the British government secured 21 underwriters for the sale of the 31.7% of BP's stock that it still owns. Among the underwriters were the New York-based Goldman, Sachs & Co. and Salomon Brothers. The underwriters agreed to sell all the shares at an offering price of \$5.54/share.

But then the stock market crash hit, and the investment banks toppled on the brink of bankruptcy. BP's stock went down to as low as \$4.04/share. Since underwriters must buy all shares they don't sell, the BP "privatization" threatened to send them off the deep end.

The "solution" was reportedly reached after heated international consultations, including phone calls between British Prime Minister Margaret Thatcher and President Reagan. Thatcher, and her chief budget officer, Nigel Lawson, want U.S. taxes increased and the budget deficit decreased.

The British central bank agreed to rebuy any unsold shares for a period of 30-60 days, thus protecting especially the vulnerable U.S. houses Goldman, Sachs, Salomon Brothers, and Morgan.

Briefly

● **WE HEAR** that some East Coast banks are giving loans at variable interest rates that shift from the prime rate on a *daily* basis!

● **THE SOVIET GRAIN** harvest will total 200-210 million tons, an informed grain trader reports. While this is lower than the 250 million predicted in Soviet publications, this is not good news for Western grain export orders. "The Russians have ample stocks, and can decide when and where to intervene into our markets. . . . People who predicted Moscow would be forced to import again some 40 million tons are simply way off."

● **YUGOSLAV PRESIDENT** Lazar Mojsov, in an address Oct. 26 to the Argentinian Parliament, called for "a solution to the foreign debt problem that insures the development of all countries." He said that "the division of the world between developed and developing countries is not less dangerous or less fatal than that which separates countries from East to West." Mojsov is also visiting Peru, Mexico, and Cuba.

● **CONTINENTAL ILLINOIS** plans to sell four of its overseas operations and five suburban banks, in order to concentrate on commercial and investment banking. Conti, the 14th largest U.S. bank, had to be bailed out by the FDIC in 1984. It plans to leave the municipal market completely and concentrate in corporate finance, risk management, market-making, and transaction support.

● **BOLIVIAN** and Soviet representatives met at the end of October in Santa Cruz to plan the expansion of economic cooperation. Spokesmen from the Soviet embassy said that they are ready to give a credit of \$220 million to finance economic development and social projects. Bolivia, which is seeking help in oil exploration, has been cut off from all economic assistance by the United States.