

sort" is found to support troubled "nonbank banks," such as brokerage houses, retailers, and credit card companies.

Cleveland said he was not so worried about the big banks, since the Federal Reserve would bail them out. But widespread failures of nonbank banks could cause a severe contraction of the money and credit system.

Foreign Aid

Is Felix Rohatyn taking over Israel?

When Chaim Herzog made his first trip to the United States as Israeli President in mid-November, his key concern was to get the White House's go-ahead for a scheme to bail out the bankrupt Israeli economy, according to well placed sources. The scheme hinges on a congressional bill that would allow Israel to pay off half its debt to the U.S. government in one lump sum, through borrowing the vast sum from U.S. banks. The U.S. government would guarantee the bank loan to Israel, according to the bill, an arrangement currently not legal under U.S. law.

According to reports, the initiative does not come from Israel at all, but was cooked up by Felix Rohatyn of Lazard Frères, who had earlier devised the "Big MAC" plan which bankrupted New York City; Goldman Sachs, the old stomping ground of Undersecretary of State John Whitehead; and Salomon Brothers. Another key player is Meshulam Riklis, the mob-connected owner of Rapid America Corp. and the financial backer of Gen. Ariel Sharon, who hopes someday to be prime minister (read: king) of Israel.

According to some Israeli and Arab observers, were the plan carried out, it would end the sovereignty of Israel. As one individual expressed it, "Do you think that Wall Street would ever give Israel the same plush deals it gets so easily from the congressmen it controls in Washington? As long as Israel is an actual state, it can buck the banks. If all its debt is in the hands of the New York banks, it will be squeezed like it never has before. Israel will become one giant casino,

another Batista's Cuba.

"The motivating fear in New York is that Israel may actually go along with the Marshall Plan concept of developing the region, since all its other strategic options have been such gross failures. To stop this threat, the decision was made to simply end any pretense of sovereignty of Israel."

Health

Washington issues new AIDS figures

The Reagan administration has prepared a revised estimate of the scope and progress of the AIDS epidemic in the United States, which significantly reduces previous projections. But, since very little testing of the population is occurring, it is not clear what basis for the new estimates exists, except a political desire to ease the popular mind.

One official, cited in the Nov. 16 *Chicago Tribune*, said the report would "scale down" the government's 1986 projection of 1.5 million cases, possibly to as low as 350,000. "It's going to open some eyes," the official said of the report that President Reagan ordered last spring. "It's going to be a lower number, and it's going to show that the spread has slowed down drastically."

Another official reported that public health administrators stated in October that the infection is not spreading beyond the existing risk groups and a small range just outside. They also insisted that there is no rapid expansion, and that they don't expect a rapid expansion of the disease.

By contrast, the World Health Organization has raised its still-very-low estimate of the number of AIDS cases worldwide by 50%. In literature distributed at a recent conference on AIDS in Geneva, the WHO estimated that 150,000 people had contracted the disease—50,000 more than the WHO's last public admissions in March.

The WHO says that 5-10 million people in the world carry the AIDS virus. WHO director Halfdan Mahler also told the conference that a vaccine for AIDS "may be even further away than we thought a year ago."

Briefly

● **PERU** has filed a \$200 million lawsuit against U.S. securities firms for rigging the price of silver, and a federal judge in New York has ruled that there is indeed sufficient evidence to go to trial on Feb. 3. It is charged that Merrill Lynch, Prudential-Bache Securities, and a branch of Donaldson, Lufkin & Jenrette Securities Corp. helped Texas's Hunt brothers manipulate the silver market during the 1980 silver market collapse.

● **CHRYSLER** reduced some new car prices Nov. 12 in an attempt to increase sales. Chrysler car sales dropped 22% during the first 10 months of this year. Chrysler is in the process of digesting American Motors and introducing a new line, an unusual move for the number-three automaker. Overall, U.S. car sales were down 10.1% to 139,575, from last year's 155,280 in early November.

● **UNDERSECRETARY** of Commerce Bruce Smart went to New Delhi in mid-November after the U.S. government formally agreed to cooperate with India in the field of electronics, especially in the transfer of computer software technology.

● **DWAYNE ANDREAS**, chief of food-cartel giant Archer Daniels Midland and the reputed successor to Armand Hammer as arbiter of trade deals with the Russians, was in the U.S.S.R. in mid-November for a meeting with Deputy Prime Minister for Agriculture Vsevolod Murakhovskiy.

● **PIERRE CARNILLON**, the secretary of the World Interparliamentary Union, told a recent press conference that it is impossible to calculate the billions of dollars handled by drug traffickers, but it is clear that the money is laundered through the world's stock markets. He called drug-trafficking a crime against humanity and called for strong laws against money-laundering.