Business Briefs

Health

Laboratory worker contracts AIDS

Scientists have reported the first instance of a laboratory worker who became infected with AIDS on the job—despite taking all recommended precautions. The finding, reported in the Dec. 31 issue of *Science* magazine, is the first officially recognized case in which a researcher handling highly concentrated AIDS virus was infected, even though he wore gloves, a mask, and other protective clothing, and apparently had no accidents with the virus.

The researcher worked in a lab affiliated with the National Cancer Institute. NCI's Dr. William Blattner, who headed up a research team which investigated the incident, told UPI that "the most plausible source of exposure was contact of the individual's gloved hand" with a concentrated AIDS solution. He did not discuss the possibility that the worker may have been infected via aerosol transmission.

International Trade

U.S. wants concessions from South Korea

In the first week of January, South Korean Deputy Prime Minister Chung In Yong is scheduled to visit the United States to try to ward off a major new round of "Korea-bashing" on trade and tariff issues. Immediately after the Dec. 16 victory of ruling party candidate Roh Tae Woo, the United States announced plans to force South Korea, its fifth-largest trading partner, to open its economy to more U.S. imports, beginning with beef, cigarettes, and insurance. The United States will also push for a major appreciation of the South Korean currency, the won, to cut South Korea's exports.

South Korea's strong economy (12.2% growth in 1987) has provided a decisive margin of stability in the country, and was a chief factor in Roh's election victory. U.S. trade war against the country will fuel the opposition forces, and particularly hurt the ruling party's strongest base, among farmers.

Two of the rumored chief beneficiaries of the proposed changes, are among the government's most dangerous adversaries: the R.J. Reynolds Tobacco Co. and the C.V. Starr-American International Group insurance empire of Maurice Greenberg.

R.J. Reynolds set up the Washington, D.C.-based ARCA Foundation, which funds the Korean opposition and its international support base, including the International Human Rights Law Group and the North American Coalition for Human Rights in Korea.

C.V. Starr-AIG chief executive "Hank" Greenberg, an associate of the late CIA chief Bill Casey, played a key role in the overthrow of Philippine President Ferdinand Marcos. Through his Philippine-American Life, the single largest liquidity pool in the Philippines, Greenberg controlled the figures who wrecked the Philippine economy, including former Finance Minister Jaime Ongpin, Central Bank Chief Jose Fernandez, and Development Bank head Cesar Zalamea. Greenberg maintains joint-venture insurance companies with Poland, Romania, and Hungary, and was to insure the 1980 Moscow Olympics, before the Soviet invasion of Afghanistan.

Commodities

Japan to cut Iranian oil imports

Japan's Ministry of International Trade and Industry (MITI) asked the nation's six major trading companies and four oil companies to cut oil imports from Iran to no more than 200,000 barrels per day, Tokyo's leading business newspaper, *Nihon Kezai Shimbun,* reported Dec. 26. The measure is in retaliation for Iran's bombing of ships in the Persian Gulf. In the previous six months, the companies bought about 300,000 barrels per day from Iran.

Although spokesmen for MITI and the foreign ministry refused to comment on the report, the newspaper quoted a MITI source saying, "This decision was made in consideration of Japanese Prime Minister Noboru Takeshita's visit to the United States in January." Takeshita is scheduled to return to the United States on Jan. 12 to discuss several additional trade issues.

Domestic Credit

FDIC may show first loss ever

The Federal Deposit Insurance Corporation, the U.S. government agency that insures almost $2 trillion in deposits of the country's commercial banks, could very well post its first annual loss in its 54 years of existence.

Its chairman, L. William Seidman, said Dec. 27 that the cost of handling close to 200 bank failures in 1987 meant that the FDIC would "be hard pressed to break even this year." Even though the losses were played down as small, only 2% of the agency's fund (between $200 and $300 million), it nonetheless was perceived as one more indication of the shaky state of the country's finances.

Last summer, Congress passed a bailout program for the Federal Savings and Loan Insurance Corporation (FSLIC), the saving industry's insurance fund, and in December, Congress approved a $4 billion bailout of the Farm Credit System.

International Credit

German banker expects new world depression

"Few have stopped to realize that the architects of the Louvre Accord of 1987 are the architects of the crash of 1987, and that the great crash of 1929 was ushered in by a similar agreement to stabilize the ailing British pound." So said former Dresdner Bank chief economist Kurt Richebächer, now an independent consultant, in an interview with financial correspondent Leonard Silk, reported in the *International Herald Tribune* Dec. 27, under the heading, "Amid Upbeat Forecasts, A Lone Voice of Warning."

Appalled by the current mood of "complacency" in the financial world, Richebächer believes that the Black Monday crash sent a clear message of "extreme financial and economic instability and vulnerability." Richebächer says that the complacency should be blamed on "a widespread ignorance of history."

He notes that, in the summer of 1927, an agreement to stabilize the British pound was made between Benjamin Strong, head of the Federal Reserve Bank of New York, and Montagu Norman, governor of the Bank of England. In his view, the U.S. agreement to rescue the pound "sowed the seeds of the wild speculative excesses on Wall Street in 1928-29, and led directly to the October 1929 crash."

Richebächer claims that there was far too much cooperation between the U.S. and British central banks, "each trying to support the other by inflating their respective money supplies." The Fed eased monetary conditions, and "launched the greatest reserve injections of the 1920s, coupled with a discount-rate cut," aimed at supporting the pound and "rekindling the already-teetering boom." He finds an "uncanny resemblance to the events of 1985-87."

East-West Trade

Gorbachov maps deals with Verity and friends

Soviet leader Mikhail Gorbachov met for a "one-hour hush-hush meeting" on Dec. 10 with U.S. Commerce Secretary William Verity, U.S.-U.S.S.R. Trade and Economic Council chairman James Giffen, and Dwayne Andreas of Archer-Daniels-Midland, according to a report by Donald Lambro published in the *Washington Times* on Dec. 24. The private confab followed Gorbachov's meeting with 80 American businessmen, under the auspices of the Trade and Economic Council.

According to Lambro, "The group's participants discussed putting together 10 major trade deals with a combined value of close to $10 billion." A senior Pentagon official said that some of the possible projects would include telecommunications, computers, machine tools, oil equipment, food processing, and engineering. According to a former NSC official cited by Lambro, Verity's "intention is to establish long-term contracts that Congress can't scrutinize under the Export Administration Act."

Lambro added that "Mr. Andreas, a major supporter of Sen. Robert Dole's presidential campaign, headed President Reagan's Task Force on International Private Enterprise, which recommended cutting the Pentagon and the National Security Council out of much of the strategic trade review process, in order to facilitate greater trade with the Soviet bloc."

Verity, a close acquaintance of the KGB's favorite billionaire, Armand Hammer, told reporters recently that he believes in "building bridges" to the Soviet Union through trade, adding: "It's the old Yankee clipper ship all over again."

Verity was co-chairman of the U.S.-U.S.S.R. Trade and Economic Council from 1977 to 1984. A declassified State Department report recently identified at least one-third of the Soviet members of the council as known or suspected KGB agents. The council is slated to meet in Moscow in March.

High Technology

Japan seeks more funds for defense

The Japanese Defense Agency called on the finance ministry for additional funds for the agency's fiscal 1988 budget request, the *Japan Times* reported Dec. 18. The agency wants 2.25 billion yen for design of the next-generation FSX support fighter, and 50 million yen for an anti-submarine warfare information center.

The finance ministry approved a 3.74 trillion yen Defense Agency budget in July. The latest request will actually reduce the 1988 defense budget by 4 million yen, because some research costs were dropped in the original budget.

Director-general of the Japanese Defense Agency Tsutomu Kawara will visit the United States Jan. 15-21 for talks with Defense Secretary Frank Carlucci.

Briefly

- **PAUL VOLCKER** was pictured in the *Japan Times* on Dec. 17 chatting with Japanese organized-crime boss and war criminal Ryoichi Sasakawa, at the Dec. 16 inauguration of the Sasakawa Peace Foundation in Tokyo. Sasakawa, notorious for his Moonie connections, is head of the Japan Shipbuilding Industry Foundation.

- **PRICES IN MEXICO** rose 50% in December, reported Benito Farfán, the labor member of the National Council of Minimum Wages. He said that wage-earners earning the minimum wage, the majority of all workers, cannot meet the basic requirements for a family on what they are now receiving.

- **U.S. AUTO SALES** fell 18% from December 1986 to December 1987.

- **ROMANIA** will repay its $2 billion in World Bank debt only in constantly depreciating dollars, not in "hard currencies" such as the deutschemark or yen. According to London banking circles, this precedent could present problems for the AAA + credit rating of the World Bank itself.

- **GERMAN MACHINE** exports may drop by another 20% in 1988, the president of the German Industry Association, Tyll Necker, forecast in an interview with the French daily *Le Figaro* published Dec. 22. German machine and machine-tool exports (some 55 billion deutschemarks in 1987) are largely accounted in dollars and directly depend on the dollar value.

- **THE UNITED STATES** has agreed to repay up to 90% of any new loans which Israel undertakes on private New York financial markets, under the terms of the little-noticed debt bailout provision slipped into the omnibus budget bill by Senators Daniel Inouye and Robert Kastenmeier, reported the *Jerusalem Post* on Dec. 23.