

Business Briefs

Trade

Europeans doubt U.S. trade statistics

Well-placed Swiss and London financial analysts are expressing a mixture of suspicion and outright disbelief at the recently released U.S. trade data for November.

According to reports circulating in European financial circles, the November data employed "creative accounting," including techniques such as shifting huge aerospace export orders between months in order to produce the dramatic 25% reduction announced Jan. 15.

Sources spoken to by *EIR* say the manipulation of the data will at most buy a month or so of time before the dollar again begins to decline. "And if [Treasury Secretary James] Baker tries to reduce interest rates, this would be the immediate signal for a 'free-fall' dollar," one well-placed London broker stated.

AIDS

N.H. lawmakers consider range of bills

The New Hampshire state legislature is considering a bill that would spend \$2 million to broaden AIDS education. But opponents claim that it could damage the insurance industry by preventing them from testing and rejecting AIDS-positive policy applicants. Other bills being considered range from ID cards for those who are AIDS-negative and mandatory testing of "high-risk groups," to a needle-exchange program for drug addicts.

According to AP, "The measure would set up AIDS education programs for high-risk groups, including homosexual men and intravenous drug users, students, health care providers, police officers, and firefighters. It would help finance voluntary AIDS testing and certify laboratories to ensure high standards, and would require informed consent and confidentiality in testing.

"The bill also would provide for counseling and follow-up investigation for people who tested positive, and money for 8 new staff people for the Public Health Division."

Endorsers include the New Hampshire Public Health Division, the New Hampshire Nurses Association, the Medical Society, and the Citizens' Alliance for Gay and Lesbian Rights.

Other AIDS bills considered by the House Committee would:

- Appropriate \$1 million in the next fiscal year to educate the public, certify laboratories, and perform mandatory testing of high-risk groups.
- Establish a committee to study housing for homeless AIDS carriers, prohibit discrimination against them, and set up a program to reduce transmission by employing reformed intravenous drug users as outreach workers.
- Establish a committee to examine a one-use needle distribution program.
- Mandate AIDS testing in county jails.
- Criminalize the deliberate transmission of AIDS to sexual partners and intravenous drug users.
- Allow people testing negative to carry a photo-identification card saying so.

Credit Markets

New York to invest pensions overseas

The New York City Retirement System, one of the largest public pension funds in the nation, with more than \$30 billion in assets, "plans to invest a large portion of its assets in foreign bond markets amid concern that the dollar could remain a relatively weak currency in the years ahead," reported the Jan. 18 *Wall Street Journal*.

This follows a similar move by California's Public Employees' Retirement System, the *Journal* observed. California's system is the nation's largest, with \$42 billion in assets.

According to the *Journal*, "Some bond specialists say the amount [New York in-

vests] could run into billions of dollars and wind up being the largest non-dollar fixed-income program in the nation."

California, by contrast, plans to invest \$1 billion initially, and "up to \$2 billion, eventually," according to Greta E. Marshall, investment manager for the state retirement system.

The *Journal* took the stance that the New York and California moves merely "signal the first major push into foreign bonds by state and municipal money managers." The paper quoted Paul Quirk, who heads up Boston's Pensions Reserves Investment Management Board, who said, "We didn't own any non-dollar bonds, but I wish we had. . . . There's no question there will be pressure for higher interest rates and a lower dollar."

Quirk also said he believed the U.S. government would "support the dollar to save the election" for the Republicans, and then "let it fall to about 100 yen."

Public Health

AIDS computer model backs universal screening

Dr. Allan Salzberg, Chief of Medical Services at the Veterans Hospital in Miles City, Montana, has developed a computer model of the spread of AIDS, which serves to forecast a horrendous picture within a decade unless measures are taken to halt the diseases spread.

By 1995, the model indicates, the number of sick and dead in the United States could approach 5 million, with an additional 14 million carriers. One-quarter of those infected by then will be from the "low-risk" population.

A precis of Salzberg's work appears in the Dec. 18 *Journal of the American Medical Association (JAMA)*, along with a letter he wrote to the journal.

In his letter, the doctor states that more stringent measures may be required than mere restraint on the part of those who know they are carriers. In the article, he states that the only way to stop the catastrophic spread

of AIDS is through universal screening. He says that we need minimally to detect 80% of all carriers in the population. If this recognition results in a 90% reduction in transmission from these 80%, the chain of transmission can be broken.

The co-authors include another doctor at the Miles City Veterans Administration Hospital, and Dr. Dolins, a member of the Nuclear Regulatory Commission in Washington, D.C.

Foreign Exchange

Volcker, French want to end floating rates

Former U.S. Federal Reserve head Paul Volcker mooted a return to a system of fixed currency rates, in a newspaper interview in Paris Jan. 19. A day later, he was echoed by the finance minister of France.

Volcker, who as undersecretary of the treasury, in 1971 engineered Richard Nixon's severance of the dollar from the gold standard, criticized the system of flexible rates he had thus created as "degenerate and only leading to even further monetary instabilities." He also warned against a further decline in the value of the U.S. dollar.

On Jan. 20, French Finance Minister Edouard Balladur authored a front-page article in *Le Monde*, "Restoring the Monetary System," which reflected similar thinking in the world's leading boardrooms. Denouncing the "lost illusions of floating rates," the minister debunked any idea that "this is a system that has enabled the world economy to absorb considerable shocks without breakdowns." In fact, "it is floating rates that more or less must bear responsibility for the oil shocks."

Floating, similarly, became "synonymous with the ability to pile up imbalances," since it "did not permit the acquisition of the [national] independence expected by all, once the system of fixed parities was destroyed.

He concluded, "I myself see no actual advantage that floating rates can be credited with. On the contrary, I see serious disad-

vantages." National investment has been hindered, foreign exchange operations of hedging and covering have massively increased and worsened footloose capital flows. "In sum, the lack of any discipline, the incompatibility of economic policies, the instability of parities and their irrationality, benefit no one. They lead to misguided resource allocation, *Angst* on financial markets, increased interest rates, and slower growth."

He proposed "a new international monetary system" based on "a standard of value independent of governments," which, he asserts, could be gold, and "a mechanism ensuring the automatic correction of imbalances." His point is "not to return to Bretton Woods or an illusory Golden Age," but to "seize an historical chance to rebuild the international monetary system."

Raw Materials

De Benedetti takes over big Belgian firm

Italian financier Carlo De Benedetti shocked the world of finance with his decision to take over the biggest old colonial financial firm of Belgium, the Société Générale de Belgique. De Benedetti first took control of the Dumenil Lebre bank, France's 46th largest bank, thereby gaining control of 18.6% of the Société Générale de Belgique. He then announced his intention to take over another 15% in the immediate future.

The Société Générale controls one-third of the Belgian economy, and plays a key role in the strategic raw materials market, especially African raw materials.

Observers say that De Benedetti, chairman of Olivetti Corp. based in Turin, is clearly on the way to becoming one of the biggest worldwide financial and economic powers. The financier announced such intentions in several recent interviews, stating that as a result of the economic depression and global financial reorganization, no more than 20 big multinational financial powers will survive.

Briefly

● **GERMAN LABOR** militancy continues in the Ruhr region, with more than 40,000 workers striking throughout the steel belt as of Jan. 20. In Duisburg, 5,000 workers blocked the bridge over the Rhine. Banners of the German and Turkish Communist parties were prominently displayed. In mid-January, the Soviet ambassador to West Germany, Yuli Kvitsinsky, had met with steelworkers in Dortmund.

● **JAPAN** committed itself to joint production of the FSX air defense fighter plane with the United States Jan. 19, when defense ministers Tsutomu Kawara and Frank Carlucci met at the Pentagon. It is the first step in a program of joint weapons projects, a senior.

● **MOB LAWYER** Kenneth Bialkin is leaving the law firm of Willkie, Farr, and Gallagher after a disagreement stemming from Willkie, Farr's handling of the takeover of E.F. Hutton by Shearson Lehman. Bialkin reportedly performed legal work for Commercial Credit Co., another "suitor" for E.F. Hutton. Willkie, Farr was representing Shearson, on whose board Bialkin also sits.

● **MEXICO'S** Laguna Verde nuclear plant may never start operation, although the plant's construction is complete. Sources at the plant report an order to postpone loading of fuel until after the presidential elections this summer.

● **SOVIET** Foreign Minister Edouard Shevardnadze thinks German banks "are holding back" on loans to the Soviet Union. Speaking of "great chances of future economic cooperation" in an address to German industrialists in Bonn Jan. 18, he said: "The American banks, which are trying to rush ahead of everybody else, are your rivals, not we Soviets."