

the Panamanian government, using a new law created to halt drug money laundering in that country, froze 54 accounts in 18 Panamanian banks where proceeds from Operation Pisces were deposited. The traffickers' bank accounts will be opened to U.S. anti-drug agents.

Domestic Credit

Bailout package for FSLIC 'inadequate'

The U.S. House of Representatives voted on May 5 to allow the bankrupt Federal Savings and Loan Insurance Corporation (FSLIC) to borrow \$5 billion over two years, to try to keep its customers afloat. The Senate version allows \$7.5 billion in borrowing.

The Reagan administration had requested that the borrowing authority be set at \$15 billion. This proposal was supported by House Banking Committee chairman Fernand St Germain and House Speaker Jim Wright, but was nevertheless defeated by a 258-153 vote.

Currently 25% of the nation's 3,200 savings and loan institutions are technically insolvent, which means they are losing money every day, and operating only on their day-to-day cash flow. Some experts who oppose the current bailout package as "woefully inadequate," estimate that at least \$45 billion would be required to salvage the FSLIC.

Desperate thrift institutions are increasingly investing in "junk bonds" and other high-yield securities, according to press reports.

Health

Second AIDS virus threatens new epidemic

A "cousin" of the AIDS virus (HIV-I), causing a disease indistinguishable from AIDS, may ignite a new AIDS epidemic, according

to a report by Pasteur Institute researchers published in the May 7 *New England Journal of Medicine*.

The virus, HIV-II, "seems to be localized at the moment" in West Africa, said the Institute's Dr. Francois Clavel. "But there is no reason why this epidemic would not spread over Africa or Europe or other countries like HIV-I did, unless we are very vigilant and can detect carriers of the virus." Dr. Clavel said that while parts of HIV-I and HIV-II are genetically alike, the overall genetic similarity is about 40 percent. Because of this, the test screening for AIDS antibodies will often miss the HIV-II virus, and recommends that the tests, at least in Africa, be modified to include sensitivity to HIV-II.

The Debt Bomb

Zambia announces break with the IMF

Kenneth Kaunda, the President of Zambia, announced on May 1 that his government would no longer follow the economic recipes of the International Monetary Fund. He declared that the IMF's conditions for resuming aid to his country were unacceptable, and that Zambia would embark on a new policy of growth from its own resources.

Kaunda said that debt-service payments on Zambia's \$5.3 billion debt would be limited to about 5% of export earnings—a policy based on the famous "10% solution" of Peru's President Alan Garcia. The decision made Zambia the second African nation to adopt the Peru model, after Zaire's similar announcement last November.

In his nationally televised speech, Kaunda froze prices and imposed import controls, with a specific ban on luxury goods. A fixed parity was established between the national currency and the dollar; loan rates were fixed at 15%; and a new program of public sector investment was announced.

IMF Managing Director Michel Camdessus fired off to Kaunda a telex message, protesting his characterization of the supranational agency.

Briefly

● **PRESIDENT REAGAN** called on Congress May 6 to grant the oil industry two tax breaks, in an effort to increase domestic production. He said that growing dependence on foreign oil has "serious implications for national security." The President rejected a proposal by Energy Secretary John Herrington for more sweeping measures to deal with the crisis among U.S. oil producers.

● **LIZ TAYLOR** is working with "arch-conservative billionaire" Ryoiichi Sasagawa of Japan in her "crusade against AIDS," and this collaboration was firmed up during her recent trip to Japan, the April 25 Norwegian daily *Verdens Gang* reported. Sasagawa is a principal funder of the Reverend Moon sect, and also funded fascist paramilitary gangs in Japan in the 1930s. His closest British collaborator, Soviet-linked millionaire Robert Maxwell, is the head of a new National AIDS Trust in Great Britain.

● **MEXICAN PRESIDENT** Miguel de la Madrid, commenting on U.S. actions against Mexican immigrants under the Simpson-Mazzoli bill, declared on May 5, "We will see what the U.S. does when they no longer have the Mexican labor force." Fidel Velásquez, head of the Mexican Labor Federation, angrily called the bill "racist and inhuman," and said that no employment plan could solve the problem that the deported will cause Mexico.

● **AFRICAN DEBTOR** countries have simply stopped payments on their foreign debt, according to a representative of one of the major African banks in Great Britain. "These countries are simply bankrupt," he said, "but banks cannot write these debts off themselves. There must be government help to do this." Western banks and governments have kept the defaults quiet in hopes of containing the problem, the source reports.