

# Business Briefs

## Austerity

### **Next President's policy drawn up in secret**

The Bi-Partisan National Economic Commission has postponed its scheduled June meeting until July. The Commission was appointed by President Reagan, and given a mandate by Congress, to draw up a budget-cutting program for the next President, regardless of who that may be.

Sources at the Commission, which has opened an office in Washington, say that its leaders, like former Democratic National Committee chairman Bob Strauss of Texas, want it to keep a very low profile, lest the voters conclude that it doesn't matter whom they elect in November.

"Bob Strauss and Drew Lewis," said one source, "don't want either candidate to even mention the Commission. Publicly, they can't afford to embrace the Commission with open arms."

The work of the Commission with a quorum present has to be public under the "Sunshine Law." Therefore, continued the source, the commissioners are operating under a system whereby a few of the commissioners, less than a quorum, meet privately to work out positions, on, for example, health care or defense, and then present it to the others at the public meeting.

The work of the Commission staff and the "political heavies" on the Commission, focuses on "trying to educate the commissioners." Two more members of the Commission will be named by the new President immediately after the elections, thereby enhancing the stature of the Commission and of its proposals.

## Commodities

### **Marc Rich behind aluminum price run-up**

According to informed London aluminum traders, Zug, Switzerland-based Marc Rich, indicted in the United States for fraud, is behind the astronomical rise in aluminum futures prices on the London Metals Ex-

change beginning in May.

"He's a bloody clever trader and holds 8-12% of world production in his control. Cash aluminum has run up \$1,000/ton this week alone," the source reported in early June.

"It's absurd and ridiculous what he is doing. It's true that demand, especially from the Far East, Japan, is fantastic, but this run is purely speculative. It is going to go bust and when it does, prices will drop \$600-700 in a day. It will be a hell of a crash. Right now, aluminum is on its way to LME warehouses from all over the world. As soon as it starts to arrive, the bubble will burst. I know one shipment of 4,000 tons which arrives in Rotterdam next weekend, for example."

This trader said he thought that the volatility of the metal's price was unlikely to produce any major spillover into stock and other financial markets, but noted that there has been a significant increase in speculative money running into metals as commodity prices rise.

## Indicators

### **U.S. data an unprecedented hoax**

Official U.S. economic data is being "rigged" to an unheard of degree, according to an informed European economist familiar with U.S. government statistical practices.

The administration in power is accustomed to slanting figures for political reasons, he said, but in the last several months, the amount of "gimmickry" being introduced into U.S. statistics to make bad situations appear better than they are is "unprecedented."

"Today the U.S. government announced estimated new payroll jobs for May," our source said. "But at the same time they announced they had 'revised' their earlier April estimate. It has been 'corrected' from 174,000 up to 254,000. This is almost a 50% margin of error! Never before have revision adjustments been so extreme.

"They now claim it is because of what they call a 'benchmark' revision! We now will see that every time inflation threatens to

be fed by bad data, the data will be 'corrected.'"

## Banking

### **Bentsen voices concern over Texas situation**

Sen. Lloyd Bentsen, chairman of the Senate Finance Committee, told a Houston Forum Club luncheon crowd that he is concerned that Texas banks are not getting a fair shake from federal regulators.

Bentsen said he urged the Comptroller of the Currency, the Federal Deposit Insurance Corporation (FDIC), and other regulators to "treat us like you treat the New York banks. When they make loans to Third World countries, and don't take action, when you give them some tolerance—you ought to give us some tolerance and time to work it out." He was referring to the well-known bankrupt condition of money-center banks holding bad Third World debt, which to date, the regulators have only winked at.

Bentsen said he sees signs of recovery for Texas, and added, "I'd rather have a mortgage on an empty building in Houston than a piece of a loan from Poland."

Prior to his speech, in a private discussion with *EIR* correspondent Harley Schlanger, Bentsen said he was not planning to do more than "touch on" the banking crisis in his speech. He was visibly startled when Schlanger told him the FDIC was not being truthful in its official figures, and that Texas is headed toward 200 bank failures.

After his luncheon address, Bentsen was asked if he sees legalization as a solution to the drug problem. He forcefully attacked the idea, saying, "I just can't agree with that. It ignores what we know about drugs and drug addiction. There is a big difference between drugs and alcohol. Alcohol addiction affects only 10% of those who drink, but drug addiction affects over 70% of those who use drugs."

Removing the stigma that criminal prosecution attaches to drugs would lead to more experimentation, and more addiction. "Is this the message we want to send to our youth?" he asked.

## AIDS

### Insurance firms behind euthanasia push

AIDS is a ticking time-bomb for all life insurance companies, because of the enormous medical costs the insurance firms will be required to handle as AIDS caseloads mount, Wolfgang Schieren, the head of the largest West German private insurance company, Allianz, stated in an interview with the German daily *Die Welt* on June 3.

Because of this, the insurance giants have been pressing forward a campaign to make euthanasia a routine practice in medical institutions around the world, and to even legalize it where possible.

Their chief instrument in the United States has been the American Medical Association. The AMA has just conducted a survey purporting to show that 80% of U.S. physicians favor the old Nazi practice.

"There comes a time with the terminally ill or irreversibly comatose patient that the physician must step back and, at the patient's or the family's request, allow the patient to die with dignity," Dr. James H. Sammons, executive vice president of the AMA, so nicely put it.

The results of the AMA survey of physicians from specialties across the medical spectrum was published June 3 in *American Medical News*, the weekly newspaper of the AMA.

Nearly 80% of the 1,000 doctors who responded to the survey favored withdrawing life-support systems from "hopelessly ill or irreversibly comatose patients," if such withdrawal were requested by the patient or the family of the patient, the paper reported.

The survey did not mention AIDS or the costs entailed, its actual motivation.

## Markets

### Tokyo exchange called century's biggest bubble

Some stock analysts in the United States are worried that the Tokyo Stock Exchange has

grown too big, too fast, and warn that it is a "bubble about to burst"—with potentially devastating effects on world financial markets, according to the June 5 *Washington Post*.

Wariness about the stability of the dollar and dollar-denominated U.S. stock and bond investments has grown since 1985, when the dollar began its long decline, and dramatically so since the October 1987 crash. In consequence, Japan's cash-rich companies and individuals have bid up prices of Japanese stocks.

Nippon Telephone and Telegraph (NTT), the privatized former government telephone monopoly, for example, trades at \$20,000 a share. At that price, NTT's outstanding shares are worth about \$76 billion, more than the entire West German stock exchange!

Marc Faber, a managing director of Drexel Burnham in Hong Kong, calls it "the greatest bubble of this century," adding, "When it breaks, it will be devastating, more than people will ever believe."

## Space

### Russians far ahead of NASA

The Russians are far, far ahead of the Americans in space, according to a feature in West Germany's *Welt am Sonntag* June 6. The next visible Soviet breakthrough will be the flight of a manned space shuttle, Kosmolyot, in August. General Shalotov, in charge of the Soviet cosmonaut training program, announced the flight.

Kosmolyot will be launched on an Energia rocket, the most powerful booster in the world today.

The head of project design at NASA, Jesco von Puttkamer, said, "This is a big leap forward for the Soviets, and will secure a monopoly position for them. Energia is a universal tool."

The Soviets have launched 24 satellites since the beginning of 1988 with no failures and are preparing two drones for a mission to Mars. Another NASA official told *Welt am Sonntag*, "We must admit such multiple-use activities are not possible on our side."

● **THE AIDS VIRUS** eludes detection by hiding in cells, according to medical researchers at Walter Reed Army Institute of Research in Washington, who have found cases in which the AIDS virus remains hidden in macrophages, a type of immune system cell.

● **THE IMF** opened a three-day conference in Chicago the first week of June. Finance ministers, central bankers, and corporate chieftains from around the world discussed economic stagnation, trade imbalances, and Third World debt.

● **MANUFACTURERS** Hanover, the nation's seventh-largest commercial bank, faces an "uncertain future," say business analysts in New York. They called "Manny Hanny" the sickest big bank in New York, although Chase Manhattan and Chemical, the nation's second- and fifth-largest banks, are not far behind. Large loans in the Southwest and Ibero-America are the cause of Manny Hanny's problems. It reported profits of \$140 million in the first quarter of 1988, but half of that is from currency speculation, a risky thing to hang the future on.

● **WILLIAM C. VERITY**, Commerce Secretary, intervened with Soviet authorities recently to help a Louisiana company secure an offshore oil drilling contract, even as the Reagan administration continued six years of diplomatic efforts to halt a nearly identical Soviet-Japanese oil drilling project. Both involve drilling for oil of Sakhalin Island in the Pacific. Verity reportedly kept State, Defense, and Energy Department officials in the dark about his action.

● **A FARMER** who won \$1 million in a lottery told a friend who asked him what he would do with the money, "I guess I'll just keep farming until the money's gone," according to a story in *American Legion* magazine.