

Business Briefs

Inflation

Italian daily warns of financial 'Hiroshima'

The Italian daily *La Repubblica* warned of a financial "Hiroshima" triggered by a massive new injection of liquidity into the international financial system, in an Oct. 15 editorial.

The editorial comments that "the mountain of paper already circulating is tremendous," so if massive new amounts are brought in, the result will be a —financial equivalent of the atomic bomb dropped on Hiroshima, but on a world scale.

The "mountain of paper is out of control," *La Repubblica* warned, adding that this applies not only to the United States but also to Europe.

Stock Market Crash

Germany's Schmidt sees 'domino effect'

Former West German Chancellor Helmut Schmidt warned of a "domino effect" in the aftermath of the Oct. 13 stock market crisis.

Speaking at a conference in Rimini, Italy on Oct. 15, he said that there was a risk that "complications" could arise in the world exchanges, a "domino effect," or "chain reaction" going from exchange to exchange. He said there was a "technical incapacity" to deal with the situation, because of the massive deregulation that had developed globally. Schmidt's warning was prominently covered in the Italian daily *Corriere della Sera* on Oct. 16.

Sharing the podium with him to discuss the global financial situation, were Alain Minc, financier Carlo De Benedetti's right hand man in France; Cornelius van der Klugt, chairman of the board of the Dutch Philips conglomerate; and Robert Hormats of Goldman Sachs investment brokers in the United States. Except for Hormats, the speakers were generally cautious or pessimistic about the immediate prospects in the world financial situation.

Schmidt also called for an emergency economic aid program for the Third World—but tied to radical malthusian measures for population control. He characterized the global financial situation as "disastrous," and "on the edge of collapse," and said the main cause for this was the debt of the developing sector.

What is needed, he said, is an "emergency economic program for investment in the developing sector," but on one condition: that it be linked to population control. Schmidt appealed to all churches of the world, to support programs for economic investment connected to population control.

Manufacturing

Former British defense chief deplores collapse

Former United Kingdom Defense Minister Michael Heseltine pointed to the collapse of manufacturing and called for an interventionist industrial policy, in an interview with the London *Sunday Express* published Oct. 9.

"It makes me weep to see what is happening. The collapse of manufacturing is at the heart of what has gone wrong and the gravity of the situation has to be recognized. The economy will not simply come right by the squeeze of high interest rates," Heseltine said.

At the Conservative Party's annual conference in Blackpool, Heseltine made what the *Times* of London on Oct. 11 called "a devastating assault yesterday on the government's economic and industrial policies." His attack focused on the Thatcher industrial policy, particularly the refusal by the state to support British industry and the belief that the British economy can survive by services, without a manufacturing base.

Heseltine attacked the fact that Britain was trying to live on services, tourism, and overseas profits alone. "Our rivals excel because they *make* the things we import," he said. He called for an interventionist strategy for industrial reconstruction, and said that what was necessary was a "climate of long-term excellence, discipline to pursue it, and the backing

of government in such endeavors."

The social costs of the past 10 years' policies, Heseltine said, have been "polluted rivers, filthy streets, and bodies bedded down on doorsteps."

Heseltine's initiative stands in contrast to the outlook of Chancellor of the Exchequer Nigel Lawson, who had told the House of Lords in May 1985, "I must confess I do not understand the argument . . . that a pound earned by providing a service is not as valuable as a pound earned by producing a manufactured good. . . . If it turns out that we are relatively more efficient in world terms at producing services than at producing goods, then our national interest lies in a surplus on services and a deficit on goods."

Ecological Holocaust

Another famine is coming in Ethiopia

The third famine in five years is now looming in Ethiopia, the U.N. Food and Agriculture Organization (FAO) reported in early October. There was almost complete crop failure in Eritrea, with the harvest one-fifth of normal, and drought has hit Tigre province hard. One million people will need food aid this year, and the number should rise to 2 million by next year. There are no substantial food stocks in Ethiopia, the FAO said.

The food crisis is also worsening in Ibero-America. Venezuelan protein and calorie consumption levels have dropped to 1949 levels, the Venezuelan daily *El Universal* reported on Oct. 12. According to a spokesman from the Venezuelan Chamber of the Food Industries, CAVIDEA, purchasing power has dropped dramatically. From Oct. 25-29, CAVIDEA will have its seventh national conference, where it will prepare a document on agro-industrial policy to improve levels of protein and calorie consumption which will be given to President Carlos Andrés Pérez for consideration.

Some 42% of Colombians are malnourished, according to DANE, the government

statistical agency. More than 1 million young children are mentally retarded because of lack of adequate nutrition, and 4,400 children are estimated to die each year directly due to lack of food, reports the national Institute of Health.

Poverty

Mexico at its limit, World Bank admits

The poorest sections of Mexico's population cannot be squeezed any further to contribute to the repayment of debt, the World Bank admits.

In a long study of Mexico's food and nutrition situation, the bank reports that the capacity of the poorest people to degrade their diet further to deal with the economic crisis "is almost completely exhausted."

Since 1983, relative to the minimum wage, the price of tortillas has risen 70%, of beans 80%, milk 32%, eggs 94%, sugar 67%, and vegetable oil 35%. Most of this has occurred since 1986, when government food subsidies began to be lifted.

AIDS

Africa plague threatens globe

"A Plague Over Africa," was the headline of an article in the *Times* of London Oct. 18, which warned that the "AIDS situation is out of control in Africa." Over the continent, 2.5 million are infected, by conservative World Health Organization estimates.

The *Times* commented, "A human tragedy on an almost unimaginable scale is unfolding across the African continent. Potentially far worse than any famine and certain to take its toll for decades, the AIDS epidemic is out of control."

The warnings came as a three-day conference began on Oct. 18 in Marseilles, France of several hundred leading specialists on AIDS in Africa and researchers from around the world.

French AIDS experts attending the conference warned that the explosion of AIDS in Africa poses a mortal threat to the rest of the world as well. Luc Montagnier, who discovered the AIDS virus, warned that the rest of the world would be affected, through trade and tourism. French expert Jean Tilliny warned that the AIDS virus will spread throughout the world if not brought to a stop in Africa. Without being neo-colonialists, he said, the more developed, OECD countries must be at the forefront of an international effort to halt the spread of AIDS in Africa.

The *Times* reports the consensus among attendees, that AIDS is wiping out the most productive elites of Africa, people who are, or who are training to become, doctors, teachers, civil servants, army officers, and politicians. Across the continent, there is an "orphan culture" emerging. So desperate is the situation, that efforts must be focused on saving the continent's children, because it is too late for the parents.

In Uganda and Zaire, there are villages where one out of every four adults is HIV-infected, and one in five babies. In Kenya, in 1984, there was one reported AIDS case, but now there are an estimated 200,000 infected out of a population of 23 million.

Infrastructure

U.S. told to triple bridge repair budget

The United States should triple its budget for bridge repair and replacement, according to a new program proposed by the American Road and Transportation Builders Association on Oct. 17.

The ARTBA calls for tripling spending on bridge maintenance to \$5 billion per annum, doubling the budget to repair the nation's interstate system to \$6.8 billion, adding another \$4.5 billion to ease traffic congestion, \$3.5 billion to upgrade highways in rapidly growing areas not served by the interstate system, and a one-time \$4 billion appropriation to finish construction of the interstate system.

Briefly

● **THE VATICAN** is planning to host an international AIDS conference in November. Archbishop Fiorenzo Angelini announced the plan and said, "The Church . . . is particularly aware of the drama of AIDS victims and identifies closely with the commitment of scientists and public bodies to offer new hope, both to victims and all those who help them."

● **A BANK** for International Settlements study released days before the Oct. 13 crash argued that the huge U.S. deficits can continue to be financed by foreign monies for at least the next five years. The study is an abrupt about-face from earlier BIS insistence that the U.S. halt its reliance on foreign funds.

● **THE PHILIPPINES** and Bangladesh called on Oct. 11 for a global approach to solving Third World problems of debt, depressed commodity prices, and protectionism, in a statement at the end of a visit to Manila by Bangladesh President Hossein Mohammad Ershad.

● **CHRYSLER** Corp.'s chief financial officer told bankers in West Germany that, aside from the gain resulting from selling off 45% of its holdings in Mitsubishi Motor Corp., "I doubt we did much better than break even" in the third quarter.

● **ALAN GREENSPAN**, the U.S. Federal Reserve chairman, warned bankers of unexpected events, in a speech to the American Bankers Association meeting in Washington on Oct. 16. Greenspan told them to maintain a solid capital cushion against financial risks.

● **THE ANGRA I** nuclear plant, the only functioning nuclear power plant in Brazil, was ordered closed, pending the correction of flaws noted in a report prepared by two scientists and presented by Green leader and presidential candidate Fernando Gabeira.