

Business Briefs

World Bank

Third World told: forego higher living standards

The developing world will never reach the living standards of the advanced sector because of the "environmental crisis," World Bank strategic planning chief Francisco Sagasti told a Feb. 3-4 conference at Edinburgh University's Center for Human Ecology.

"In the next few decades, I can see battles between North and South over the huge difference in material standards of living," he said. Sagasti insisted that the world needed a new system of "environmentally friendly" incentives and "green taxes," as well as greater "energy efficiency." He pointed to Sweden using one-half the energy per capita of the U.S., but having a similar living standard, to ostensibly prove his point.

Sagasti further called for an international "eco-development" strategy, insisting that "environmental security" was replacing East-West relations as the world's biggest problem.

Markets

When your broker speaks, don't listen

"The latest quarterly study of stock-picking prowess" of the major brokerage houses, conducted by the *Wall Street Journal*, showed that stocks recommended by 9 out of 10 of the firms lost money last quarter, and the only one that made money for suckered investors showed returns of just 2.1%.

The poorest results over a 12-month and 42-month period were by Prudential Bache, the wizards in part responsible for saddling Prudential with the largest junk bond portfolio of any company.

Undaunted by their track record, the brokers have no fear of the future, and no shame in telling their clients that. Shearson Lehman's research director Jack Rivkin thinks 1990 will be a "pretty good year," with most of the "action" in the second half on the theory that "the world is not coming to an end."

Gold

Bush to IMF: steal Third World's reserves

The Bush administration wants the International Monetary Fund to virtually steal 3 million ounces of gold from developing countries.

The U.S. is demanding that before more funds are granted the IMF, nations in arrears on their IMF loans must be penalized. The U.S. is proposing that the IMF sell 3 million ounces it is holding on behalf of Sudan, Zambia, Peru, Liberia, Panama, Vietnam, Guyana, Somalia, Sierra Leone, and Cambodia.

The IMF carries this gold on its books at \$46 an ounce. Since the market price is now about \$413 an ounce, each nation would be cheated out of about \$367 for each ounce of gold the IMF is holding for them. The Feb. 1 *Wall Street Journal* noted, "It isn't exactly clear how the proceeds from the gold sales would be used to cope with the arrears."

AIDS

Disastrous rate among Romanian children

Romanian authorities have revealed that AIDS infection rates are as high as one in five among children.

French AIDS specialist Jacques Lebas characterized the epidemic as "an international emergency requiring a response on the level of famine relief." Lebas, President of the Médecins du Monde ("Doctors of the World"), said in Bucharest Feb. 5 that the spread of AIDS among children aged 1-3 years "is worse than anything I have seen."

Recently, doctors at the Bucharest Institute of Virology revealed that of children ages 1-3 tested, 36% tested HIV-positive. Lebas said that 367 of 1,025 sick children under the age of three who had been tested in Romanian hospitals and orphanages were carrying the AIDS virus, and 60% of them already showed symptoms of the disease. "All of them will die," Lebas affirmed. "At first, we were extremely skeptical when the figures were sent to

us. They seemed quite unbelievable. . . . But now we have checked ourselves, and we support them. It is a very, very serious problem."

"The disease has been coming from infected blood and infected needles" which are used "hundreds of times," Lebas said. The Feb. 6 French daily *Le Figaro* reported that the injections were either of serums with vitamins, supposedly as a palliative for malnutrition, or of "micro-transfusions of plasma and globulin," to increase protein in the blood. This practice was generalized to orphanages, for reasons not yet clear.

Soviet Economy

Interest in joint ventures flagging

The Soviet economic journal *Ekonomika i Zhizn (Economics and Life)* reported that most foreign investors are "wary of the economic and political risks" of dealing with the U.S.S.R., and therefore "avoid big investments and try to make sure that they pay off with speculative revenues within a short period."

The magazine stated that Soviet specialists are studying applying stricter rules, including fixing a minimum for the hard cash a Western partner must put up. The Soviet Finance Ministry is demanding information on the legal status and solvency of foreign partners to prevent joint ventures being used as a shell for "foreign companies enjoying a dubious reputation."

Ekonomika i Zhizn accuses joint ventures of covert repatriation of profits through overpricing of imports and underpricing of exports, overcharging of license payments, and excessive interest rates on loans from foreign partners.

The Feb. 1 *Financial Times* of London reported "growing Soviet disenchantment with joint ventures with Western investors," because of speculation and slow start-ups. By Jan. 1, some 1,274 joint operations had been registered, some 90% with Western involvement. But only 184 were operating in any way at all, and perhaps fewer than half of those were doing business.

The *Financial Times* noted few joint ven-

tures were in direct manufacturing. Almost one-third were registered in "trade, tourism, and light industry," 30% in consultancy, research, and development. Only 5% were involved in engineering and manufacturing, and 4.4% in agriculture and food processing.

War on Drugs

Customs testing laser technology for detection

The U.S. Customs Service is testing laser technology for use in the detection of drugs, according to Reuters Feb. 1.

"The U.S. Customs Service is fielding specially developed laser range finders which detect false walls and hollow beams in cargo containers," Reuters reported. The cover story of the January-February issue of *21st Century Science & Technology* magazine reported that Customs is developing an arsenal of new technologies to employ in the drug war.

"We started field-testing laser range finders in the past few weeks," U.S. Customs spokesman Dennis Shimkoski told Reuters. "If successful, that equipment could plug a major gap in our [anti-drug] defenses." Rather than having to open cargo containers to see if there is any hiding place for suspicious material, one operator using the new device can scan a container in minutes.

The five-pound laser device was developed by Schwartz Electro-Optics Inc., an Orlando, Florida firm. Five of the units have been delivered to Customs at \$9,000 each, and another five are being built.

Investment

Japanese offer to build Los Angeles commuter line

HSST Corp. General Manager Eiji Ikeda told the California Senate Transportation and Appropriations Committee that a five mile demonstration magnetically levitated commuter train in Orange County serving Los Angeles could be operational within 18

months, providing the environmental clearance process were speeded up.

Ikeda told the committee that his firm was ready to begin work on a 155.6 mile loop around the greater Los Angeles metropolitan area, at a cost of \$30 million a mile, if the state would grant HSST rights-of-way along area freeways, and exclusive rights to operate the system.

"Money is very much available in Japan, especially right now," Ikeda said. Sen. Robert Presley said, "It's good to learn that this technology is available to draw on."

Infrastructure

Japanese revive call for super projects

The Japanese promoters of a "Global Infrastructure Fund" called for launching "super infrastructure projects" in various parts of the world, in a press release distributed at the Davos, Switzerland, World Economic Forum on Feb. 5.

"Japanese businessmen are appealing to European and American industry to join in a fund which will promote global infrastructure development projects of \$10 billion or more," they said.

"Projects considered by the Global Infrastructure Fund (GIF) . . . include reforestation deserts, constructing flood control systems, developing international transport communications networks and promoting clean sources of energy. . . .

"To bring this about, a network of research organizations were necessary in countries around the world. To promote the GIF concept, Mr. Saba said that a research organization would be set up in Japan this April. A group was also planned in the United States.

"Projects, such as a flood control plan in Bangladesh, would make 'the globe more comfortable and prosperous.' Also, Saba considered, the economic effects would be like that of a global New Deal. . . .

"GIF is looking at the possibility of constructing huge canals, including a second Panama Canal; large bridges or tunnels to link the shores of international straits; international highways, railways and sea lanes."

Briefly

● **THE IMF AUSTERITY** program for Poland is "on track," the London *Financial Times* said Feb. 3. January newly unemployed reached 55,800, up from 9,600 in December, January inflation hit 68.2% compared with 17.7% for December, and food prices in January rose 75%.

● **MAGNETICALLY** levitated trains received R&D funding for the first time in the U.S. FY1991 budget; \$6.2 million for the Federal Rail Administration, and \$3.5 million for the Army Corps of Engineers.

● **THE SAVINGS RATE** collapse signals a "class society" in the United States, the Feb. 4 *Washington Post* claimed. Young families will reach retirement with an average net wealth about half that of their parents. "Sons replicating fathers (or falling a little short) sounds more like a class system than the American Dream."

● **JAMES SHANNON**, the Attorney General of Massachusetts, blamed Campeau's failure on the lax antitrust attitude of the Reagan administration. Several attorneys general had pleaded with the SEC to take a hard look at Campeau's acquisition of Federated Department Stores, "But . . . the commission allowed the merger to go through without even giving it an extended review."

● **WORKER PRODUCTIVITY** rose a paltry 0.9% in 1989, compared to 3.3% during the 1950s and '60s, the worst showing since the 1981-82 recession, according to U.S. Labor Department statistics.

● **CHARLES VANIK** said it's time to lift the Jackson-Vanik trade law, which imposes high tariffs on Soviet imports and denies them export credits to buy U.S. goods because of human rights violations against Soviet Jews. Waiving the trade law "is perhaps the best available official signal we have . . . to acknowledge what President Gorbachov has done," he said.