

Business Briefs

'Shock Therapy'

Sachs knew it wouldn't work, aide admits

The deficits that have been incurred by Poland under the "shock therapy" program of Harvard's Jeffrey Sachs, a Sachs aide now admits, were expected, despite the public pronouncements when Sachs began dismembering the Polish economy.

"'Actually, this deficit isn't all that much of a surprise,' I was told by Alain de Crombrughe, a Belgian researcher living in Warsaw, who until recently was pursuing graduate studies under Jeffrey Sachs at Harvard," Lawrence Welschler wrote in the May 11 *New Yorker* magazine in an article entitled "Deficit."

"'In seminars, Jeff always used to say that in all those Latin American countries you got a surplus right after you instigated a stabilization program, for various technical reasons, but then the surplus quickly disappeared.' Nobody was saying such things in the summer of 1990, however, when advocates of the Balcerowicz Plan were only too happy to cite the momentary surplus as further proof of the brilliance of their policies."

Space

NASA bed-rest studies test partial gravity

Scientists at the National Aeronautics and Space Administration Ames Research Center in California have found in a recent study that physical changes in a microgravity environment can be avoided by simply standing quietly for 15 minutes of each hour over a 16-hour period. Standing for two hours a day or walking at three miles per hour, for 15 minutes per hour over eight hours, were almost as effective, according to Dr. Joan Vernikos, the study's principal investigator.

It is well known that the microgravity to which a crew is exposed while orbiting the Earth produces physiological effects that are

potentially disabling. These changes could limit stay-times aboard Space Station Freedom, and also limit propulsion choices for trips to the Moon and beyond. It is important for long-term manned space travel, therefore, to find out if a little gravity would help, and how much would be enough.

In the study, volunteers were confined to their beds for 24 hours a day in a head-down position (the head is lower than the rest of the body), to induce the physiological changes associated with microgravity. The head-down position is necessary, it has been recently found, because posture plays a key role in the distribution of fluid in the body. This fluid distribution changes dramatically in the microgravity of space, affecting the heart, circulatory system, and almost every other major body function.

If intermittent gravity, which could be provided aboard a station or spacecraft with a centrifuge, is enough to keep astronauts healthy, that would remove what has been believed to be a major hurdle in extending man's stays in space.

Finance Markets

Next crash could be worse than 1987

The next financial crash could be much more devastating than in 1987, warned Roland Leuschel, chief economist for Banque Bruxelles Lambert, in the May 17 German daily *Frankfurter Allgemeine Zeitung*.

In his "conservative investment strategy" for shareholders, Leuschel presented a "realistic" scenario. Before the new world order, we will go through a "period of world disorder," he said. "The Pax Americana, unlike 1945, will not work, since America herself is in trouble. For one, the total U.S. indebtedness has risen to 1929 levels."

A crash today could turn out worse than in 1987, Leuschel says. "In the United States, real estate prices have collapsed and the prices of raw material as well as precious metals have reached a record low. The art market does not look much better. The only high-priced asset

values that are still rising there and have reached a historic high is the price of equities. In the case of their collapse, the feared deflation of the 1930s will be reality."

Leuschel warned that there is a danger of a crisis of confidence in the dollar system. "The international monetary system depends on the dollar. Seventy percent of currency reserves are held in dollars, despite the fact that the U.S. economy represents only a third of the total OECD economies. In case of a short-lived U.S. recovery, which is probable, a great crisis of confidence in the dollar and overall monetary system could erupt. The international financial system is volatile as never before, and the risks that stem from derivative financing have not been tested yet."

Health

AMA predicts 'meltdown' in U.S. health care

Dr. George D. Lundberg, editor of scientific publications for the American Medical Association, warned in the *Journal of the American Medical Association* that "we are looking at potential health care expenditures in 1992 dollars of \$1.4 trillion in 1996. I do not believe our economy can tolerate these costs. If business continues as usual, without major change, I predict meltdown by 1996."

"In a worst-case scenario, the Congress would panic and nationalize the entire health care industry; they can do that. . . . The physicians, nurses, pharmacists and other health care workers would be conscripted as government employees; hospitals would be taken over and run by the government; health insurance companies would be abolished; the pharmaceutical and medical device industries would be nationalized."

But Lundberg, accepting the financial constraints of the depression, recommends the elimination of "futile . . . unnecessary . . . inappropriate" care, limits on liability of medical practitioners, emphasis on disease prevention, expansion of "managed care," and retention of a "private-public mix of payers and the health care industry."

Epidemiology

Tuberculosis is out of control

"TB has changed on us. It's not the same disease in the same population and the same old means of treatment," said Dr. Dixie Snider, director of the tuberculosis division of the U.S. Centers for Disease Control in Atlanta, Georgia, Reuters reported on May 20.

After three decades of decline, the TB rate in the United States has increased for the last three years in a row. Currently, the rate is 10.4 per 100,000, with more than 26,000 new cases last year. "TB is out of control," Snider said.

Worldwide, there are 20 million cases of tuberculosis, and the number is growing by 8 million a year, according to the World Health Organization, Reuters reported. Nearly 3 million people a year die from TB, more than any other infectious disease. Some 1.7 billion people worldwide carry the disease in an inactive state. Left untreated, common TB kills 50% of its victims, while more virulent strains kill 70-90%. The statistics were reported at a conference of the American Lung Association in Miami Beach, Florida on May 19. The ALA is lobbying for a fivefold increase in U.S. anti-TB programs.

"I'm scared," said ALA President Lee Reichman. "If we don't succeed, we are in very big trouble."

Agriculture

60-150 million face starvation in Africa

"We don't know the extent, but one thing is sure, there will be a catastrophe in Africa . . . not in the Sahel as in the past, but in the South and the East," the French daily *Le Monde* warned in an editorial on May 21.

The paper said that estimates vary of the number of Africans threatened with famine—with the European Community estimate being 60 million people, and the World Bank estimating 150 million. Whatever the exact figure,

the paper stressed, "there is a disaster, in any case," which is much worse in its overall dimensions than the famine of 1984-86.

The paper documented that at least 20 countries in Africa are threatened with famine, including 11 in southern Africa, where there is the worst drought in the century. The worst-affected country on the continent is Mozambique, with at least 3 million people threatened. Other reports by aid agencies from the Horn of Africa are that 100 persons in eastern Ethiopia, 100-200 children in the Somali capital of Mogadishu, and more in northeast Kenya, southern Madagascar, and southern Chad, are dying every day.

Infrastructure

Franco-German rail agreement signed

An agreement on high-speed railway cooperation was signed by the transportation ministers of the French and German governments at a summit in La Rochelle, France on May 22.

The most immediate result of the accord will be the coordination of both national high-speed railways—the French TGV and the German ICE—on two main routes so that Paris will have a direct connection with Frankfurt and Munich. One route will pass from the French-German border through the state of Saarland, Germany; the other through the state of Baden-Württemberg to Munich.

Rail connections already exist, but certain sections, mostly on the German side in the east-west direction, either have to be newly built or modernized to make uninterrupted travel at a speed of 250 miles per hour possible along the entire route.

German Chancellor Helmut Kohl, in a press conference at the summit, said the dream for trains to go from Paris to Frankfurt and on to Berlin, from there to Warsaw, and from Paris through Karlsruhe and Munich to Prague and Kiev, will come true in the not too distant future. He called the accord instrumental in the realization of those grand infrastructure projects.

Briefly

● **A JET ENGINE** being developed for the National Aerospace Plane was successfully tested by Pratt and Whitney at Mach 5 (4,000 miles per hour), the May 18 *Journal of Commerce* reported.

● **TAIWAN** may turn to Israel for Kfir jet fighters if France does not go through with the sale of 100 Mirage 2000-5s, the May 18 *International Herald Tribune* reported. China considers the Mirages a threat, and the United States has indicated that it would approve an Israeli request to sell up to 36 Kfirs, which has a U.S.-made engine, to Taiwan.

● **VOLCANOS** are bad for the environment, is the theme of a report recently issued by the American Geophysical Union in the wake of the eruption of Mt. Pinatubo in the Philippines in 1991. According to the report, the sulfur-based aerosols produced by the eruption caused a 15-25% loss of stratospheric ozone at high latitudes.

● **INDIA** launched a Rohini class research satellite with two scientific payloads, the Press Trust of India reported May 20. One will measure celestial gamma ray bursts and the other will track data in the earth's ionosphere. U.R. Rao, chairman of the Indian Space Research Organization, told reporters that there will be 15 launches over the next decade.

● **SALOMON BROTHERS, Inc.** has agreed to pay \$290 million in civil fines to settle government charges arising from its manipulation of U.S. Treasury auctions, the May 21 *New York Times* reported. As part of the agreement, the U.S. government has agreed not to file criminal charges against the firm.

● **SWITZERLAND** voted by a 55% majority to join the International Monetary Fund and the World Bank in a national referendum on May 17. It will become the 157th member of the IMF. Voter turnout was 39%.