

# Business Briefs

## Ibero-America

### Debt rising in wake of Brady Plan

Daniel Muchnik, economics columnist for the Buenos Aires daily newspaper *Clarín*, wrote on Aug. 9 that despite all the palaver about debt reduction, including the Brady Plan (named after U.S. Treasury Secretary Nicholas Brady), the debt of Ibero-American nations continues to rise, hitting \$435 billion this year, up from \$410 billion in 1989, and is expected to rise to \$443 billion next year.

One reason the debt didn't fall is that many banks went for the option that held the principal at par, but lowered the interest rate to a fixed 6.25%. Today, with interest rates below 6%, these countries are paying more interest than they would have been without the Brady Plan, i.e., the Brady Plan has been worse than nothing.

The Latin American Bishops Conference (CELAM) has called on the governments of the continent to look for alternative viable economic models that can bring about economic growth with decent wages and a reduction of unemployment.

## Technology

### Boeing to establish center near Moscow

Boeing Corp. will establish a technical research center in the Moscow area, to utilize otherwise unemployed Russian aerospace scientists, engineers, and technicians in the development of commercial aircraft, the Aug. 14 *Journal of Commerce* reported. Benjamin A. Cosgrove, Boeing's senior vice president for technical and government affairs, acting on behalf of Boeing's Commercial Airplane Group, has signed a joint communiqué with Anatoly G. Bratukhin, director general of Russian aviation.

Airbus Industrie and McDonnell Douglas, the two other western manufacturers of large commercial aircraft, have held talks in Russia, but have not closed any deals yet.

L. Paul Bremer III, a consultant with Kis-

singer Associates in New York City, told the *Journal of Commerce*, "In the long run, the only way the Russian economy is going to get fixed is from inflows of private investment and mobilizing domestic savings."

## AIDS

### Federal health officials rejected screening donors

An appeal by some AIDS experts to screen blood donors for a newly discovered AIDS-like illness that first came to public notice at the international AIDS conference in Amsterdam in July, was rejected by U.S. federal health officials, the Aug. 15 *Washington Times* reported.

"We must remember the lessons of AIDS," Dr. Donald Armstrong of Memorial Sloan-Kettering Cancer Center, told a Centers for Disease Control (CDC)-convened meeting of AIDS experts in Atlanta on Aug. 14. "The most important thing is the safety of our blood supply. I don't want to be behind once again," said Armstrong, who in 1983 issued the first call to screen the nation's blood supply for HIV, although routine testing wasn't instituted until two years later.

CDC officials countered that research lacks evidence that the illness is spread through blood. "We don't have enough to make a recommendation on blood safety," said Dr. Harold Jaffe, acting director of the CDC's AIDS division.

## Poland

### Government provokes nationwide labor strike

The refusal of the Polish government, led by Prime Minister Hanna Suchocka and Labor Minister Jacek Kuron, to enter talks with miners who are objecting to vicious International Monetary Fund (IMF)-imposed austerity and the threatened widespread elimination of the mining industry in Poland, has led unions which had organized the ongoing strike wave

in southern Poland and the earlier farmers' protests to form a national strike committee and to prepare a general strike.

The strike committee, which has already established support groups across the country beyond the Silesian mining region, consists of the rural self-defense organization Samoobrona, the Solidarnosc 80 union, the new union of locomotive conductors ZZMK, the new miners union FZGG, and the post-communist OPZZ union federation.

Leaders of the strike committee said that the government's intransigence has created a situation where labor, in order to achieve anything, is forced to go beyond mere wage demands and launch a national protest action, with the aim of substantially changing the country's economic policy. Repudiation of the IMF conditionalities imposed upon the government and the banking sector, and the creation of a system of productive credit along with protective import tariffs, are prime demands of the general strike campaign.

## Agriculture

### Sudan bucks IMF, produces surplus crop

In November 1990, the International Monetary Fund (IMF) "decertified" the nation of Sudan, and acted to cut the nation off from international credit at a time when severe drought had devastated Sudan's food grain crops. In the subsequent two years, Sudanese agricultural planners have intervened to make the nation self-sufficient in food grains.

According to the Aug. 5 *New Horizon* newspaper from Khartoum, the capital of Sudan, "Sudan's total cereals production for the 1991-92 season amounted to 4.8 million metric tons, compared to 1.9 million tons in 1990-91." Sudan is now exporting grain to Egypt and to Ethiopia.

This feat was accomplished by a determined increase in the inputs per acre for cereals grain. The government shifted much of the sowing of cereals grain crops (millet, sorghum, and wheat) out of the rain-fed region that is subject to the vagaries of rainfall, and into the famed Gezira region of irrigated acreage, located in the region where the White Nile

# Briefly

River and the Blue Nile River join.

Cash crops, such as cotton, which the IMF encourages countries to grow as a means of generating funds for debt repayment, were shifted in the reverse direction. If it doesn't rain, no one suffers food shortages that year.

## Trade

### China arranges huge barter deal with Russia

China signed a barter deal of 500 railway cars of food and textiles for four Russian Tu-15M passenger jets this spring, the biggest barter deal in non-government Sino-Russian trade, the *China Daily* reported Aug. 10. The total value of bartered goods was \$313 million.

Special markets for people from Russia and eastern Europe, which deal in barter as well as currency, have been set up in Inner Mongolia and Shanghai. Food and clothing are the key items sought by Russians.

The architect of the airplane deal, Mou Qizhong, is planning to sponsor an annual world economic forum for people of Chinese descent from all over the world. The forum, inspired by the Davos World Economic Forum, "is to pool the wisdom of people of Chinese blood from all over the world for the economic advancement of China and the prosperity of Chinese communities the world over," Mou said.

## Health

### Insurers blocking new technologies

Insurance companies are blocking the use of promising new medical technologies by demanding that it first be demonstrated that such technologies will reduce long-term costs before they will grant insurance coverage for their use. Lack of insurance coverage, however, precludes their use in most cases.

In one example, there is an already-developed technology, called "intravascular ultrasound," that threads a catheter into arteries and uses ultrasound to reveal a very detailed picture

of the inside of arteries. Dr. Jeffrey Isner, chief of cardiovascular research at St. Elizabeth's Hospital in Boston, Massachusetts, told the Aug. 16 *New York Times* that "this could be the most important change in the way we evaluate patients with coronary disease in the last 30 years."

The *New York Times* reported that if used frequently, intravascular ultrasound would almost certainly be found to save money by permitting early treatment of heart disease, cutting down on heart attacks, and making more expensive treatment unnecessary.

Yet, the technology is hardly used today because most health insurance companies refuse to pay the several thousand dollars it costs to do the test on a patient. The companies are demanding that it be proven in advance that this cost will be more than made up by savings before they will cover it. However, the only way to prove it will save money in the long run is if it is used frequently, which it won't be unless it is covered by insurance.

## International Credit

### Non-Aligned draft calls for debt write-offs

The Indonesian government, with significant input from India, has prepared a draft document that will set the agenda for the summit of the Non-Aligned Movement in Jakarta on Sept. 1-6. The draft document reads, "They [NAM leaders] endorsed the idea of a major write-off of debts by official donors and commercial banks, as well as by multilateral institutions," Reuters reported Aug. 12.

The statement, according to Reuters, says write-offs should cover all kinds of debts and include those countries which made "great efforts" to repay their debts. It also notes that the situation of the underdeveloped countries has been worsened by "the emergence of large negative reverse flows from the developing to the developed countries, high interest rates, and the acute erosion in export earnings."

The document cautions that developed countries and international agencies should not use "environmental considerations as an excuse for interference in the internal affairs of the developing countries, nor should they be used to introduce any conditionality in aid."

● **SOUTH KOREA** lofted a 110-pound research satellite into Earth orbit on Aug. 11, UPI reported. Uribyol (Our Star) Number 1 will conduct experiments with broadcasts and communications, and measure cosmic radiation. It was designed and built by a team at Surrey University in Britain, working with researchers from the Korea Advanced Institute of Science and Technology.

● **CHOLERA** killed 70 people in an eastern Cambodian province in June and July, the official SPK news agency from Phnom Penh reported on Aug. 11. A total of 460 people had caught the disease in Kompong Cham. It was also spreading through other provinces which were badly hit by floods last year, the agency said.

● **THE PENSION** Benefit Guarantee Corp. requested \$40 billion from the U.S. Congress Aug. 11. It said that without the money, the pensions of 40 million Americans will be unfunded. General Motors plans to cut pensions, starting in October.

● **VIETNAM** signed a contract with Nopec Co. of Norway on June 9 to conduct deep-water hydrocarbon surveys in the South China Sea, the *Far East Economic Review* reported. Vietnamese officials will not say if the area which China signed a deal with the U.S. oil company Crestone to explore, and pledged to defend militarily, is in the contract.

● **AN OUTBREAK** of black plague, believed to have been caused by the hunting of plague-ridden marmots, has killed three people in Mongolia and infected three more, Reuters reported Aug. 12. Doctors are rushing to outlying areas in three provinces to treat 1,300 people who have come into contact with the disease, health officials said.

● **MORE THAN 25%** of all children in the 200 largest U.S. cities live in poverty, according to a new report by the Children's Defense Fund, UPI reported Aug. 13. Since 1979, the rate of poverty among children increased by 4%.