

Business Briefs

Labor

Polish Parliament overturns pension freeze

The government of Polish Prime Minister Hanna Suchocka suffered a setback on Jan. 23 when the parliament voted down a plan to freeze pensions at 87% of the average income level, and insisted instead on an increase that fixes pension payments at 90%.

The vote backed a court ruling last year against the government plan, which was worked out with the International Monetary Fund in late 1991, on grounds that imposing such limitations on pension recipients is against the Polish Constitution. The parliament's decision will force the Suchocka government to spend another \$850 million for the pension increase, and thereby undermine the government's agreements with the IMF.

The decision is also a slap in the face to Krzysztof Krowacki, who became assistant finance minister on Jan. 6. He had just characterized Warsaw's relations with the IMF as "excellent." Krowacki worked as a financial consultant to the Polish embassy in Washington, D. C. for more than four years, and had "excellent relations" with the IMF and World Bank.

Health

Diphtheria epidemic sweeps Russia

Diphtheria, which was first tracked in 1992 in Moscow, St. Petersburg, and other large cities, has now reached epidemic levels in Russia, the Jan. 29 *New York Times* reported, based on a World Health Organization (WHO) report.

The rates of infection and mortality are reported to be high. The November 1992 report indicated there were 3,278 cases, and that the number of new cases has risen to 500 or more a month. The epidemic is also spreading through Ukraine. Dr. George Oblapenko, acting regional adviser for communicable diseases at WHO's office in Denmark, said, "It is an epidemic. . . . It will take time to control it now, in a huge country like Russia."

Russian health officials attribute the

spread of the disease to lack of immunization and booster shots in adults, and report that many workers in service jobs who come in contact with the public are unwittingly spreading the disease. Also, according to Moscow's chief epidemiologist, Igor A. Andreyev, "people are on the move . . . from the areas where the conflicts are. There [are] drifters, people who live in the subway tunnels. It's part of the social problems created by the country's collapse, by the lack of social and political stability."

Highlighting the Third World conditions that still prevail in the health care system, Elena Kotova, deputy chief of administration at the State Committee for Epidemiological Control, said, "There are children whose mothers refuse to let them be vaccinated. But there are also children who are born weak. . . . There are many medical reasons not to immunize, more so here than abroad."

Monetary Policy

Irish bishops condemn currency dealers

Irish bishops condemned international currency dealers for speculating on the Irish currency, the punt, Reuters reported on Jan. 29.

"The love of money is palpably at the root of all this," said Walton Empey, Protestant bishop of Meath. "It is unbelievably immoral that wealthy people and corporations can make millions by holding a nation to ransom. It is appalling to see what they are doing to the lives of so many people."

"This activity damages the country's future and is at the expense of the common good. It cannot be condoned and is contrary to any Christian principle," added Roman Catholic Bishop Michael Smith.

The Irish punt was devalued 10% on Jan. 30 following an emergency meeting of the European Community Monetary Committee in Brussels. The Central Bank had hiked overnight interest rates to a punitive 100% in a failed bid to fend off speculators, according to dealers. The punt's slump was triggered by Britain's surprise decision on Jan. 26 to cut interest rates, a move that sharply weakened the British pound. Irish firms send one-third of their exports to Britain.

Privatization

Ukraine resists IMF austerity policies

In Ukraine, resistance to International Monetary Fund (IMF) austerity conditionalities is growing. Even the program of Prime Minister Leonid Kuchma, which maintained some support for state industries, was rejected by the Ukrainian Parliament in a vote of 267-6 on Jan. 26. Opponents claimed that its "reforms" were premature and contained too much of the same free market methods that have ruined Russia. The parliament passed a resolution calling on the Kuchma government to reinstall price controls for basic food stuffs like milk and sugar, and to cancel the planned privatization of the farm sector.

Also, the parliament of Belarus passed a resolution endorsing the maintaining of strict state controls on the industry and farm sectors.

Medicine

Japan starts 'knockout' gene research for AIDS

Japan will start long-term research into gene therapy as part of its efforts to combat AIDS, a Health Ministry official said on Jan. 26, Reuters reported. The ministry will set aside 150 million yen (\$1.2 million) this year to start basic research into gene therapy, said Shigeki Shiiba of the ministry's health science division. "Gene therapy is a highly promising area . . . but it will take a long time, say more than 10 years, before it becomes practical," he said.

Gene therapy is a controlled, experimental treatment designed to introduce new genes into the body or to chemically suppress the expression of existing genes to correct an inherited or acquired condition. One new technique is termed knockout, which was originally developed at the Massachusetts Institute of Technology and Columbia University. In this approach, a chemical is applied to a cell and this suppresses a particular gene. This technique is also possibly applicable to cancer therapy. For example, it is known that there exist genes which counteract tumors. Sometimes these genes are in

place, but their expression is suppressed by another gene. By chemically suppressing the suppressor gene, the anti-tumor gene could become operable.

Agriculture

Japanese to host summit to save the family farm

Japanese farmers have called upon all farmers in industrial nations to join hands to protect the family farm, the Central Union of Agricultural Cooperatives (Zenchu) said on Jan. 25. A spokesman said Zenchu was drawing up plans to hold the world's first "farmers' summit" in Tokyo during the Group of Seven economic summit in Tokyo in early July.

The farmers especially want international solidarity to stop the General Agreement on Tariffs and Trade (GATT) "tariffication" plan, under which Japan and other nations would have to allow increased food import dumping. "We plan to discuss how to protect and nurture family farms worldwide. One of the issues at stake will be the GATT plan," the spokesman said.

Germany

Union official demands ministry to develop East

"We need a genuine ministry for the economic reconstruction of eastern Germany," Hans Terbrack of the executive of the German Chemical Workers Union demanded in an interview with the economic daily *Handelsblatt* on Jan. 25.

Terbrack proposed the creation of a special cabinet post for reconstruction of eastern Germany, which would improve coordination of infrastructural investments and industrial policies, provide a comprehensive approach for the financing of industrial and job-consolidating projects, and extend financial support for companies with traditional export markets in eastern Europe and the Community of Independent States, aimed at the preservation of these markets. The proposal resembles a call made by Helga Zepp-LaRouche, president of the Schiller Institute in Germany, more than

two years ago.

Terbrack said these are the conditions for German labor's agreement to moderate wage increases over a limited period of time, in the envisioned "solidarity pact" with industry, the banks, and the government.

'Recovery'

Davos forum warned of U.S. depression

A dramatic breakdown of consensus among the OECD policy establishment, more severe than at any time since the 1930s and fueled by the unprecedented global economic breakdown since 1990, was evident from discussions with leading representatives of government, policy bodies, and industry at the annual Davos World Economic Forum in early February.

One participant referred to a "complete breakdown of credibility of political leadership almost everywhere in the world; deepening economic recession in many countries; and the unthinkable—a ravaging war in the midst of Europe" as contributing to the disarray.

Leading U.S. participants, including C. Fred Bergsten and Lester Thurow from the Massachusetts Institute of Technology, dashed any euphoria over the alleged U.S. recovery. Bergsten insisted that a real U.S. recovery would not be seen before the end of the decade. In the meantime, he demanded, Japan must upvalue the yen by some 25% and increase imports of U.S. goods, and Germany must slash its budget and lower interest rates.

Thurow insisted that the world economy is "not undergoing a recession but something more fundamental; if we are not in a new Great Depression, we are at least in a great stagnation." He cited the illiquidity of the banking system of the United States, Japan, and the Scandinavian countries and predicted, "The 1990s will witness a global financial crash. Already we are in a worse situation than 1929-32. Our airline industry is in collapse, affecting firms like Boeing. If unemployment were still defined as it was in the 1930s, the U.S. in reality has 15% unemployment today, not the 'official' 7.5%. There are no growth industries such as computers to pull us out of this. Real wage levels in the U.S. youth population are falling, not rising."

Briefly

● **LOCUSTS** are threatening coastal areas of Sudan, Eritrea, and Saudi Arabia, the U.N. Food and Agricultural Organization has warned. Egypt and Yemen are also threatened by swarms of migratory locusts. The FAO scheduled an emergency meeting Jan. 30-31 to discuss how to fight the locusts and how to prevent them from encroaching on other countries already suffering from starvation and civil war.

● **TEMPERATURES** over the Arctic Ocean have not increased over the past 40 years despite computer simulations that predict global warming, according to a study by Jonathan Kahl of the University of Wisconsin at Milwaukee, and Russian and other U.S. scientists, the Jan. 28 *Washington Times* reported.

● **SEARS ROEBUCK**, a mainstay of the U.S. consumer goods industry, announced Jan. 25 that it was laying off 50,000 workers and ending its catalogue sales division.

● **ARMENIA** and the Azerbaijani enclave of Nakhichevan are facing economic disaster. On Jan. 29, the U.N. Security Council issued an urgent appeal for fuel and humanitarian assistance. Armenia has been virtually without power since the explosion of a key gas pipeline in Georgia on Jan. 23.

● **BRITAIN** sold another 48 British Aerospace Tornado fighter bombers to Saudi Arabia on Jan. 28. The order, considered crucial to save the British defense industry, was part of a \$6 billion deal for defense equipment.

● **TIMBER** cartel earnings are soaring because of environmental actions. Louisiana-Pacific Corp. reported fourth quarter earnings of \$41.1 million, up from \$8.8 million the year before. A company spokesman said the jump was the result of "constraints on the timber supply due to environmental concerns such as protecting the habitat of the endangered spotted owl," UPI reported on Jan. 29.