

Business Briefs

Medicine

Placebos Called Unethical in Medical Testing

Representatives of 45 countries, at a meeting in Scotland on Oct. 7, amended the Helsinki Declaration on medical ethics, to state that the use of placebos in medical studies is unethical in nearly all experiments involving diseases for which good treatments already exist. That is, the "control group" in experiments must be treated using the best already-established treatment, rather than being left untreated, as they are at present in the United States.

The American Medical Association subscribes to the Helsinki Declaration, and it is the common-law doctrine of U.S. physicians. But, the *Washington Post* implied that the United States may not go along with the change.

No experiment gives a physician the right to deny effective treatment to a patient. The Hippocratic Oath states, "All this, I do for the benefit of the patient." But, the statistical routines, such as the "double-blind" method in which neither the physician nor the patient knows which medication the patient is receiving, prescribed by the U.S. Food and Drug Administration, are now used to evaluate new drugs. Medical scientists who must now compare the results of a new drug to the best-available treatment, will find it difficult to design experiments without a change in method.

Development

South Africa's Mbeki Looks Toward Renaissance

"We must no longer be defined as exporters of raw materials and importers of manufactured goods," South African President Thabo Mbeki said, in a speech to the Ghana-South Africa Friendship Association, on Oct. 5 in Accra, Ghana. "For the consolidation of the unfolding process of the African Renaissance, it is imperative that we reclaim ownership of these natural resources for the benefit of the peoples of Africa," he said. "As

we produce manufactured goods, we need to consistently engage the developed North on the question of access to their markets for our products."

Mbeki told the Ghana-South Africa Business Chamber on the same day, that government and business should work together to meet the challenges of poverty and underdevelopment. "The reality is that we are either condemned to starve together or prosper together." Mbeki also discussed the need to reverse capital flows: "It is absurd that poor countries of the South are net exporters of capital to developed countries—countries which have surplus capital. We cannot speak of development in Africa while the situation of net exports of capital persists."

In discussing how the seeds of African renewal are, despite everything, slowly being planted, Mbeki noted that Telkom, the South African telecommunications parastatal, has announced that it has secured more than \$600 million to fund an undersea cable to link Africa with Asia and Europe. Construction was to start in mid-October. The first part of the project, is a 15,000 kilometer link between South Africa and Europe, with links to ten West and Southern Africa countries, including Nigeria, Ivory Coast, and Ghana. The second segment is a 13,000 km link to the east. Both segments of the project are expected to be completed by April 2001.

Economic Policy

Malaysian Deputy Urges Japan To Advance AMF

Malaysian Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi called on Japan to move quickly on creating the Asian Monetary Fund and other regional mechanisms, because "real reforms to the international financial architecture" have not been forthcoming, the *New Straits Times* reported on Sept. 28. Abdullah praised the successful Association of Southeast Asian Nations-Plus-3 framework between the ten ASEAN members and Japan, China, and South Korea. He was speaking in Tokyo that day, at the "ASEAN-Japan Relations Symposium."

"As we confront globalization and at-

tempts to push through reforms to the international financial system, this cooperation is all the more valuable," he said. "I think I can speak on behalf of ASEAN when I say that Japan's role in leading the push for changes is crucial, urgent, and much needed." He added that Japan's initiative for a regional funding facility, would continue to be supported by Malaysia. "In the absence of real reforms to the international financial architecture, we must support regional efforts at surveillance to ensure that the region is not caught unaware, once again, by a financial crisis."

Abdullah also attacked globalization, reiterating Malaysia's stand on the folly of adherence to market fundamentalism and how the vested interests of rich and powerful countries conditioned the rules of the globalization game and determined its agenda.

Infrastructure

South American Integration Advances

The Second International Seminar on Southern Cone Integration took place in Pôrto Alegre, Rio Grande do Sul, Brazil, on Oct. 5 and 6, the first follow-up meeting to the Aug. 31-Sept. 1 Brasilia Presidential summit, which discussed how to move forward the physical integration of South America through building infrastructure.

According to the Brazilian daily *Zero Hora*, the seminar was a meeting of the "Southern Cone Integration Route Committee," a working group of representatives from 10 of the 12 South American countries, which was set up in 1996, with the backing of Brazilian Vice President Marco Maciel and Chile's then-President Eduardo Frei. The committee has identified 14 infrastructure projects, including highways, rail, waterways, ports, airports, communications, and energy projects, and this meeting was to pick priorities, discuss their technical aspects, and begin to put together ideas for financing them. (Public discussions on financing are still limited to private financing, backed up by some monies from existing multilateral agencies.)

The intention, according to the president

of the Integration Committee, João Teitelbaum, is to, at a minimum, complete a highway corridor and a rail line uniting the north-south extremes of the continent, and a north-south and east-west waterway connection, by 2005.

Finance

Banks Tell Third World: We Don't Lend Any More

The Institute for International Finance (IIF, a creditors cartel representing 315 banks, originally called the "Ditchley Bankers Group") formally acknowledged that banks are no longer lending to developing nations, in a letter to the world's finance ministers and central bank chiefs released at the International Monetary Fund meeting in Prague in September.

Instead, the IIF letter advises "emerging markets" (in which they include Russia) to "accelerate reforms that will make their countries more attractive for long-term investors" who wish to buy up their industries. "Capital market and direct equity flows" now provide the only cash for the Third World, since banks are no longer lending, they state. "Fundamental changes in the volume and structure of private capital flows to emerging markets since the beginning of the 1990s call for new approaches by emerging market authorities to managing market access," the letter reads.

Banks no longer lend, but have evolved "into globally active financial conglomerates," while welcoming "the entrance of new players, including mutual funds, pension funds, insurance companies, and hedge funds." Due to the need to "strengthen risk management," most bank income now comes from speculation and not as interest on loans. "Non-interest income at U.S. banks increased by 160% over the past five years . . . propelled by firms efforts . . . to discourage the acquisition of assets that do not generate returns sufficiently above the risk-adjusted cost of capital. . . ."

"Net commercial bank lending to major emerging market economies is likely to account for only \$16 billion—or less than 8%—of the \$212 billion in private flows we

project for 2001. By contrast, commercial banks provided nearly two-thirds of private flows to these economies in the early 1980s. Emerging market exposure of U.S. banks, for example, dropped from 12% of total assets at the end of 1982, to about 2.5% by March 2000."

Trade

Germany, Iran Will Expand Cooperation

Germany's Economics Minister Werner Müller met with Iran's Minister of Energy Habibollah Bitaraf in Tehran on Oct. 2, to discuss expanding cooperation in the electricity sector. Bitaraf stressed the energy sector, the priority in Iran's third five-year plan.

Iran's energy consumption has been growing 8-10% per year, and production capacity is slated to increase from 27,000 megawatts to 40,000 MW, during the plan (2000-2005). He emphasized the importance of German technology in achieving this goal.

Before departing for Iran, Müller said that Germany and Iran would also discuss trade based on market-independent oil prices. Both the oil-consuming countries and the oil producers have a common interest in stable oil prices, Müller said. This does not mean that market forces should be completely eliminated in respect to crude oil, but that, as in the case of other commodities, lower and upper price limits should be imposed.

Müller headed up a 60-member delegation, representing seven German companies eager to do business with Iran. The delegation, the largest to visit Iran since the Islamic Revolution in 1979, includes three members of the Bundestag (parliament) as well. Müller said that Iranian exports to Germany had grown 40% in the month ending June 20, while Germany's imports from Iran grew 20% in the same period. He pledged to financially support German firms involved in trade with Iran, and expressed the hope that Iran would become Germany's biggest trade partner. Negotiations on German investments in Iran were also to include transport and telecommunications infrastructure, petrochemical technology, and shipbuilding.

SOUTH AFRICAN President Thabo Mbeki and Nigerian President Olusegun Obasanjo met on Sept. 30 to finalize a continental economic development plan for Africa. Components include strategies for investment, substantial reduction of foreign indebtedness, radical reform of aid programs, reshaping the international financial institutions and the global trading system, and bolstering the transfer of technology and knowledge to the continent.

IN CHINA, "legislation is desperately needed to curb HIV/AIDS from further spreading," the *China Daily* commented on Oct. 6. The number of HIV carriers living in China is estimated at 500,000 or more, and that number is expected to double within a decade. Most of the debate seems to be limited to issues of punishing those who knowingly transmit the disease, and not on creating an effective AIDS-monitoring program.

FLOODING of the Mekong River this year has displaced 6 million people in Vietnam, Laos, Cambodia, and Thailand. Two million of them are in Cambodia, nearly 20% of the population.

OPPOSITION to globalization is growing in Thailand. Bangkok Bank executive chairman Kosit Panpiemaras, for example, asserted in September that Thailand is still a poor developing country, and that "we have completely lost our ability to become a leader of free-wheeling capitalism." He added, "If we did not protect ourselves well enough . . . we would get hurt again."

'SINCE THE 1970S, more than 30 diseases new to medicine have emerged," Paul Epstein, assistant director of the Center for Health and the Global Environment at Harvard Medical School, wrote on the U.S. spread of the West Nile virus, in a commentary in the Oct. 8 *Washington Post*. Partly based on worsening economic trends, Lyndon LaRouche forecast the emergence of new diseases in 1972.