

# Business Briefs

## Trade

### New Soviet commercial ties with Peru

The Soviet commercial attaché in Lima, Andrei Drimitiev, met with Peruvian President Alan García on Aug. 7 to discuss various trade deals, including the possibility that the U.S.S.R. would sell or rent airliners to Peru's national airline, Aeroperu.

Soviet Civil Aviation Minister Alexander Volkov announced that the Peruvians could pay for such airplanes simply by providing services for Soviet Aeroflot planes at the Lima airport.

The Soviet fishing minister will lead a delegation which is to arrive in Peru on Aug. 19 to straighten out the controversy which broke out over Soviet fishing contracts with Peru. A scandal erupted when it was revealed that the Russians have not paid any taxes on their catch in Peruvian waters.

## Agriculture

### French group warns of locust apocalypse

"We have never been so close to the worst." That is the assessment of PRIFAS, the French organization that specializes in fighting against locusts, in its July newsletter on the current locust plague in Africa.

"Several millions of hectares in some 15 nations of Africa" are still infested, PRIFAS reports, and things are getting worse: "The hatching of desert locusts' eggs in Mauritania, Mali, Niger, and Chad" will spread from the West to the East of Africa in July and August.

PRIFAS explains that the efforts deployed up to now delayed the process of locust infestation, but did not stop it. On the contrary, the use of low-residue pesticides on 5 million hectares has destroyed only about half of the locusts, and the more recent "slowing down" of their spread is due only to seasonal factors.

"The worst scenario is presently the most probable," says the newsletter. All capabilities available to fight the locusts could be overwhelmed very soon in the Sahel and Eastern Africa by the locust swarms pres-

ently appearing in northern Ethiopia. These swarms will be bigger, stronger, and more mobile, because they are more gregarious. Moving toward the West, these swarms will aggregate with local swarms and invade the Maghreb in several months, without leaving the Sahel area.

"Any demobilization would have the most severe consequences" in the near future, "far darker than the recent period. . . . The word 'apocalypse' could very well be used in a few months if nothing extraordinary is done in the fight" against this plague, it concludes.

## Disease

### Official AIDS cases rise 8% in a month

The world has experienced an 8% increase in the number of people sick with AIDS in a single month, according to the figures released by World Health Organization officials in Geneva Aug. 5—and this only includes the cases being reported to, and being acknowledged by, the WHO, whose definition of AIDS is notoriously restrictive in order to minimize the appearance of the disease's spread.

Meanwhile, the WHO is collaborating with the World Bank in studies of the economic impact of AIDS in the developing sector, and on the demographic impact of AIDS. WHO's "Progress Report No. 3" reads, "WHO and World Bank are collaborating in studies of the economic impact of AIDS and in measures to improve planning for the expected caseload. The initial phase of the development of a model for estimating the direct treatment-related costs and the indirect costs from the years of social and economic productivity lost due to HIV infections and AIDS has been completed in three Central African countries during the first quarter of 1988. Issues addressed include: the projected effect of AIDS on the supplies of essential drugs, the possibility that AIDS patients will displace other patients, whose problems could be cured using available therapies, and the threat posed to a country's development prospects by the years of productivity lost owing to AIDS and other clinical conditions due to HIV.

"The initiative of the Director-General of WHO, launched at the Fourth Meeting of Participating Parties for the Prevention and Control of AIDS in November 1987 and aimed at a closer association of the World Bank with the global strategy on AIDS, has been welcomed by the President of the World Bank, and discussions are continuing."

## Corporate Strategy

### Italian raider targets Spanish health company

Carlo De Benedetti, the Olivetti magnate who made big news at the beginning of the year with his attempt to take over the Belgian raw materials giant, Société Générale de Belgique, is now seeking to take over the large Spanish health care firm Sanitas.

De Benedetti's financial group, COFIR, has moved to buy up 40% of Spain's Sanitas firm. The move came so unexpectedly that Sanitas's director, Marcial Gómez Sequeira, was forced to interrupt his vacation, and rush back to Madrid to try to head off the raid.

Sanitas has 1 million clients; its hospitals, located in every province of Spain, are known for their modern facilities for treatment of cardiology and respiratory illnesses. It also runs one of the most sophisticated clinics in Spain, La Zarzuela.

## Health Care

### Hospitals shutting down across the U.S.

Nearly half of the United States's 6,000 hospitals lost money treating Medicare patients, and many of the beleaguered smaller hospitals in rural areas are shutting down or in danger of shutting down, according to federal officials.

"Some of these hospitals cannot provide much better care than a first-aid station," noted one bureaucrat. From this, he deduced that they should be closed. Any financial assistance for these institutions would provide an "inordinate windfall" to hospitals already enjoying profits, he argued.

## Briefly

According to reports reaching *EIR*, county hospitals in Texas are shutting down. A source in the Quannah area of northwest Texas reports the restructuring and closing of two hospitals. In the first case, a Tennessee corporation acquired a county hospital and closed it, then reopened one floor, and leased the second floor to a drug rehabilitation center. A second hospital in a nearby county was shut down completely. County residents now have to drive a minimum of 20 miles if they require hospitalization.

### Banking

#### American S&L in big trouble

American Savings & Loan, the second-largest thrift in the United States, has announced that in addition to its failure to meet federal regulatory standards for capital requirements since 1984, in June and July of this year it wasn't even able to meet federal liquidity requirements.

The Federal Home Loan Bank Board requires that all thrifts maintain an average daily balance of liquid assets, cash or its equivalent, equal to 5% of savings deposits and short-term loans.

If American were a small thrift, it would have been closed years ago. The Bank Board seems to be trying to make the population think it is dealing with the crisis in the nation's thrift industry by quickly closing small S&Ls, while hoping the large ones that have failed, but are still open will take care of themselves or be taken over.

### Soviet Economy

#### Bus drivers strike in the Ukraine

The government daily *Pravda*, reprinted in the official Ukrainian daily *Radyanska Ukraina*, carried a lengthy article condemning the strike by bus drivers in Chernovtsy. The strike had been called in protest over the new regulations linking wages to "productivity," under which wages had been slashed. *Pravda* tactically "agreed" that the demands of the drivers were legitimate but

argued that the problems ought to be solved before resorting to such a measure as a strike. "Until recently the only meaning of 'strike' we knew was from over there where incomparable disputes exist between labor and capital. . . . In our country no such antagonism exists, we are a country of workers only. . . . What? Are we going to strike against ourselves? Who could think of such a thing?" In the same article, the strikes in Nagorno-Karabakh and Armenia formed a special focus for attack with *Pravda* saying that strikes created a "complete paralysis of the economy"—something even "worse than stagnation."

### Trade War

#### Japan may file suit with GATT

Japan's international trade and industry minister, Hajime Tamura, stated on Aug. 5 that Japan may file a suit with the General Agreement on Tariffs and Trade, asking the international trade tribunal to rule that the omnibus trade bill passed by the U.S. Senate Aug. 4 infringes on international trade rules.

Tamura pointed out that the provision applying sanctions to Japan's Toshiba company for its sales of sensitive technology to the Soviet Union violates Japanese sovereignty, on the grounds that CoCom principles specify that each CoCom member nation reserves the right to penalize business corporations of their countries based on their own judgment.

Prime Minister Noboru Takeshita also termed "problematic" the "Super 301" clause that calls for transferring authority from the President to the trade representative to decide on what measures to take against what the United States terms "unfair foreign trade practices."

Japanese brokers have reacted strongly to the measure that bars financial institutions from countries with closed government bond markets from becoming primary dealers in U.S. Treasury bonds. Some of the brokers immediately suggested that the flow of capital from Japan to the United States—which is crucial in financing the huge U.S. budget deficit—could decline sharply if the Japanese brokers are stripped of their primary dealer status.

● **FARMERS** in Minnesota fear a wave of foreclosures, according to reports reaching *EIR*. They have noted the hiring of a number of lawyers by the local office of the Federal Land Bank. In some cases, farmers have approached the Land Bank for renewed credit, citing losses in the current drought, but have been turned down flat.

● **FIVE DIRECTORS** of the Bucks County, Pennsylvania Housing Development Corp. were fired one day after the County Commissioners released their report on the lack of affordable housing in the county Aug. 6. The report showed that housing for families making \$40,000 a year or less had disappeared from the county due to inflation in real estate prices.

● **RESIGNATIONS** by members of the Lloyd's, as the London insurance market is called, may total 1,700 before the end of the year, according to a forecast by the Corporation of Lloyd's, the market's central secretariat. The principal reason cited is fear of big potential losses in U.S. liability insurance, and the diminished tax advantages of membership. Since only 1,100 new members are expected to join the Lloyd's, it will be the first time membership has contracted since the 1960s, when the market was reeling from U.S. hurricane losses.

● **TOSHIWO DOKO**, one of the leading business figures in Japan in the postwar period, died in Tokyo on Aug. 4 at 91. In the 1950s, he rescued the giant shipbuilding and engineering group, Ishikawajima-Harima Heavy Industries. In 1965, he became head of Toshiba. In 1974, he became president of the Keidanren, the powerful federation of economic associations, and led Japan through the first oil crisis. In 1982, he headed a government advisory panel that led to privatization of Nippon Telephone and Telegraph and Japan Air Lines.