

Business Briefs

Debt

OAU Secretary attacks World Bank, IMF

Organization of African Unity (OAU) Secretary General Salim Ahmed Salim attacked the World Bank and the International Monetary Fund for defeating the purpose of provincial education for all, in a speech to the east and southern OAU consultative meeting on education in Nairobi, Kenya on Nov. 23.

According to KNA/PANA wire reports, Salim said that the Bank's adjustment and restructuring programs imposed upon African countries had adversely affected education and other social services and led to political and social destabilization.

Salim called for close cooperation among African nations in education matters such as training and the exchange of experts.

Mrs. Graca Machel, widow of the late Mozambican President Samora Machel, also told the meeting that the increasing Third World debt and falling commodity prices have accelerated the deteriorating economic situation in Africa. She called on the World Bank to reduce Third World debts to manageable proportions, as the current situation was running out of control.

Pensions

System 'at risk,' Labor official says

In his semiannual report to Congress, Labor Department Acting Inspector General Raymond Maria warned that the nation's \$1.7 trillion private pension system remains at risk because of inadequate government regulation, the *Washington Post* reported Dec. 1.

Maria said that inadequate monitoring of private pension plans could lead to a financial crisis similar to the S&L crisis. Citing parallels between pension and thrift problems, he said, "These vulnerabilities do not reveal a pension system currently in crisis; but they do demonstrate it to be at risk."

Labor Secretary Elizabeth Dole quickly

objected to Maria's comparison with the thrift crisis in a letter to House Speaker Thomas Foley. It "is inappropriate, and I want to make sure that it does not unnecessarily alarm the nation's workers and retirees. . . . America's private pension system is fundamentally sound and has never been healthier," Dole said.

Electricity

Bonneville power expects shortfalls

A study released Nov. 27 by the federal Bonneville Power Administration finds that, in its area, "the federal system now has somewhere between zero and 100 megawatts of surplus" electric generating capacity. BPA delivers about 8,400 MW of power to over 8.7 million people living in the Pacific Northwest, and should therefore have at least 1,600 MW (20%) of reserve power, by industry standards.

The BPA attributes this suddenly developed lack of capacity to unexpected increased demand from aluminum smelters and Northwest utilities and the economy performing "better than expected," but actually it is an indication of the fact that virtually no new capacity has been built.

About half of the power used in the entire Northwest comes from BPA, and nearly 90% of BPA's power comes from hydroelectric dams on the Columbia River and its tributaries.

Oil

Soviet exports to West down drastically

Soviet exports of oil to the West are down drastically, according to estimates released by *Petroleum Intelligence Weekly* of New York.

According to Western oil industry sources, Soviet oil exports to the West, (one of their two principal sources of hard currency aside from sales of gold), are down by 20% this year to date, some 400,000 of their estimated 2

million barrels per day Western export volume.

London petroleum sources indicate that while the *Petroleum Intelligence Weekly* estimate may be excessively pessimistic, exports through key Black Sea ports have fallen "dramatically," with the strikes in Moldavia and unrest in Azerbaijan-Armenia believed to be major factors in the decline. Crude oil shortfalls are reported at 50% at the important Black Sea oil port of Novorossiysk alone for November, which would account for a shortfall of some 180,000 barrels per day.

AIDS

Uganda, Peru face caseload explosion

One million Ugandans, 1 in every 16 of the population, are infected with the AIDS virus, the Ugandan Health Ministry revealed. The ministry, announcing the findings of a 1988 national blood survey, said in early December that 10,000 Ugandans have already developed the full-blown disease.

Health Minister Zak Kaheru said an estimated 765,000 individuals over 15 years old were HIV positive, and more than 25,000 children, but the numbers are even higher, since more people have contracted the virus since the survey was done. In some western towns, 29% of adults tested HIV positive. In the capital city Kampala, 17% have tested positive, and in rural areas, figures are about 12%. AIDS is becoming a greater threat to Uganda than all the civil wars the country has experienced since 1979.

Peruvian Health Minister Paul Caro Gamarra reported at a press conference Dec. 1 that Peru had 400 confirmed cases of AIDS, from which he concluded that there must be about 20,000 cases of AIDS country-wide. But the president of the Peruvian Foundation for the Fight Against AIDS and Malaria, Dr. Raúl Cantella Salaverry, revealed that there are at least 600 serious AIDS cases known in Peru, and from that it can be inferred that there are 50,000 people infected with the AIDS virus.

Dr. Cantella also said that one of every 500

Briefly

units of donated blood in Peru is infected with the AIDS virus. In Callao, one unit in 120 is infected. He also said that since most of Peru's 60,000 homosexuals are also bisexual, AIDS is certainly being transmitted widely. He also said that a majority of homosexuals are also prostitutes, and that 80% of the homosexual community carries the AIDS virus.

Cold Fusion

Japanese scientists announce new method

Scientists at Nagoya University in Japan reported bursts of neutrons 20,000 times background level which lasted one minute in a new cold fusion experiment, according to Reuters Nov. 30.

The experiment involved palladium electrodes being placed in deuterium gas at room temperature and pressure, and a potential of 20,000 volts then being applied to the electrodes. Typical neutron bursts in previous experiments using heavy water, not deuterium gas, have been on the order of 100 times background level. The new result is reported by Nobuhiko Wada and Kunihide Nishizawa in the November issue of the English-language *Japanese Journal of Applied Physics*.

Meanwhile, scientists at Osaka University are expected to report shortly on the details of experiments with platinum electrodes in heavy water in which neutron bursts 2.5 million times background levels occurred.

Food

Banning fungicides would skyrocket prices

Consumer food prices would rise 13% and U.S. supplies of fruits and vegetables would collapse by 24%, if the use of crop-protective fungicides were prohibited, according to a study released by the National Agricultural Chemicals Association.

According to the study, the hardest hit commodities would be apples, rising 89% in cost; peanuts, rising 70% in cost; carrots, ris-

ing 80% in cost; and lettuce, rising 41% in cost. Some products not grown in the United States, such as bananas and coffee beans, would not be available, because environmentalists want to ban all "contaminated" imports.

The NACA study concludes that if the use of fungicides is prohibited, U.S. physical production of fresh fruits would collapse by 33%, fresh vegetables by 24%, and major grains, such as corn and wheat, would drop by more than 6%.

Advising in the study were the National Association of Wheat Growers, the National Food Processors Association, the Fertilizer Institute, Resources for the Future, the Department of Agriculture, and the National Agricultural Pesticide Impact Assessment Program.

Budget

Rohatyn tells New York to impose austerity

Big MAC chairman and Lazard Frères banker Felix Rohatyn has, in an unusual, publicly released letter to New York City's Municipal Assistance Corporation board, issued a warning to incoming New York City Mayor David Dinkins that the city must impose brutal austerity to meet its growing budget crisis.

The warning is a virtual order to Dinkins to cut the city's budget by freezing next year's spending at current levels. Rohatyn cites severe revenue shortfalls that necessitate taking "steps to strategically allocate relatively scarce resources" and implementing "management reforms, in which nothing is sacrosanct"—i.e., slash the city workforce. Rohatyn also specified that contracted raises for city workers should be deferred, or at least cut, and a hiring freeze and job attrition instituted.

Such action would mean a \$1.7 billion reduction in services, said Budget Director Paul Dickstein, because of inflation, workload increases, labor settlements, and other built-in costs. "That would be disastrous for the city," he said. "You would be laying off thousands and thousands of people." However, he added, this would generate a budget surplus.

Rohatyn "advised" Dinkins during the campaign and now "serves" as an economic adviser of his transition team.

● **SPACE AND ECONOMIC** agreements were reached between Italy and the Soviet Union in Milan Dec. 1, involving turning war industry to civilian use, and for Italian participation in Soviet space missions from 1992 to 1995, including the Soviet "Mars 94" program.

● **THE COLOMBIAN** government announced the imposition of a tax on 120,000 companies to fund the war on drugs.

● **WATER CONTRACTS** being renewed with California farmers will be subjected to environmental review, Interior Secretary Manuel Lujan announced in a victory for environmentalists. The new contracts "can be renegotiated . . . to safeguard the environment."

● **U.S. GOVERNMENT** credit and insurance programs face losses of up to \$350 billion, Comptroller General Charles A. Bowsher told the Senate Governmental Affairs Committee.

● **ALMOST \$59 MILLION** in fees will be paid to bankers and lawyers in the failed United Airlines buyout, the *Wall Street Journal* revealed Nov. 30.

● **BANKS** must now reveal their exposure to junk loans, as federal regulators have elaborated a definition of "highly leveraged transactions" on loans made for any buyout, acquisition, and recapitalization.

● **THE INDUSTRIAL** Price Index, comprised of 18 industrial commodities, indicates deflationary danger, the *Journal of Commerce* said Dec. 4. It is now below the average of the 250 previous working days, "reflecting a slowdown in the economy."