

Business Briefs

Central Europe

EIR article read in Slovak parliament

The Slovak Parliament in Bratislava on March 6 heard a reading of an article in the Feb. 14 *EIR*, "IMF, 'Free Market' Looting Steers Czechoslovakia Toward Social Explosion," by Paolo Raimondi. The article, which outlined the failure of "shock therapy" policies in Czechoslovakia, prompted an intense debate on the subject of the International Monetary Fund (IMF).

The article was brought in by deputies connected to the Matica Slovenska movement (which does not advocate separatism), who wanted to challenge those Christian Democrats supporting IMF "shock therapy," the sudden shift to an unregulated market economy. The same article was reprinted in the newspaper of the Matica Slovenska movement.

A subscriber in St. Louis, Missouri had translated it into Slovak and faxed the article to the newspaper.

Demography

Nigeria census shows population decline

The Nigerian government told Reuters March 6 that a national census taken this year would show a total Nigerian population of only 91-95 million. Projections on the basis of the last census taken 20 years ago would have Nigeria's population at 108-116 million, and indeed, Unicef reported that Nigeria's population was 105 million in 1989.

If the 91-95 million figure is accurate, which is likely given that the military government placed the entire country under curfew in order to get an accurate count, then it means that Nigeria has seen an acceleration of its death rate.

The two most probable culprits are AIDS and the International Monetary Fund "structural adjustment program" instituted by the government in the mid-1980s, which has forced per capita income down by 75%.

Insurance

Drexel's ex-boss takes over Executive Life

Former Drexel Burnham kingpin Leon Black has grabbed control of Executive Life, the failed California insurance company that was one of jailed Michael Milken's best junk bond customers. Black reportedly paid out about \$3 billion.

With major debt holdings in at least 20 major corporations and about 300 smaller companies, the Executive Life portfolio will allow Black to have a say in almost every major financial restructuring of the 1990s.

Black's operation was the subject of a page-one profile in the *Wall Street Journal*. After quietly gaining control of a company's debt by buying its troubled bonds for just pennies on the dollar, Black would force that company to financially restructure, swapping the debt for equity, converting Black's position from creditor to owner.

In partnership with the Altus Finance unit of Crédit Lyonnais, Black has already taken control of Memorex Telex NV, Cole National Corp., Gillett Holdings, Inc., and Interco, Inc. The profits realized on these deals convinced Crédit Lyonnais to front the \$3 billion for the Executive Life portfolio.

In her book *Predator's Ball*, Connie Bruck described Black as much more important than Milken, since Black had many important connections that opened many doors. Black's father was chairman of United Brands, Inc., before throwing himself out of a window of the Pan American building in New York City in the mid-1970s.

Science

Soviet research now in bad shape

U.S. White House science adviser Allen Bromley testified on the horrible state of science in the former Soviet Union, at March 17 hearings before the Senate Foreign Relations Committee. Bromley stated that in addition to the deterioration of research due to lack of equipment and financial support, "communication with the world scientific community is

in jeopardy," because of the cutoff from modern, functioning telecommunications facilities. "They lack the hard currency to maintain their subscriptions to modern scientific journals, and they simply are unable to travel because of Aeroflot regulations and inadequate funds," he stated.

He also stated that due to the economic crisis, "there is a backlog of new discoveries and new technology available" that has not been exploited by Soviet industry.

Bromley was among a delegation of American scientists who recently visited Russia for meetings with their scientific counterparts, and were even given tours of once top-secret weapons research facilities.

Infrastructure

EC proposes to deregulate electricity transmission

The European Community has proposed that electricity transmission on the continent be deregulated, a move that critics say could introduce chaos into the complex system. According to the March 18 *Wall Street Journal*, the proposed legislation to "end the monopolies" of the electric utilities over electric power delivery would take effect next January.

The utilities, which in Europe are government owned, have responded that this would create market instability leading later to intrusive controls. Though it is supposed to make them "more competitive," the utilities themselves point out that it would favor large users and hurt small consumers, such as households.

Budget

States asked to fund more prisons

As crimes of all types rise in hard economic times, U.S. state and federal agencies are under pressure to finance more prisons. State and federal agencies are supposed to spend \$6.8 billion on prison construction in 1991-92, a 14.5% leap from 1989-90 spending and a whopping 79% increase over 1987-88.

If states facing budgetary constraints re-

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nege on the prison construction, they could end up in court for failing to correct overcrowded conditions and are ordered to begin construction.

The United States maintains the highest rate of incarceration in the world, and violent crime in particular continues to soar. There were 10 homicides committed per 100,000 inhabitants last year, compared to Europe where there were 1.5 homicides per 100,000. The major cause, the drug trade, has become one of the biggest industries in the country.

According to crime experts, for every dealer incarcerated, there are 12 more on the street to take his place. "No amount of cops or prisons will stop this," said one researcher to *Investment Daily*, who is also a former police chief. "You have an economic force that's unstoppable."

Biological Holocaust

Cholera nears U.S., new malaria in Cambodia

Authorities reported on March 16 that cholera has appeared outside Monterrey, the Mexican industrial city near the U.S. border. Medical personnel are trying to contain the disease, but its path to the north is clear, and is being closely monitored by U.S. public health officials.

A health department official in Mexico, Jesús Catano, said, "It is the first time we have detected cholera in northern Mexico near the border." According to José Cavazos López, undersecretary of health for the state of Nuevo Leon, the victims contracted cholera after eating food from southern Mexico, where most of the country's cases are located. At least 35 people have died from cholera in Mexico since the disease was detected June 17.

Meanwhile, the World Health Organization reports that a new strain of malaria has emerged in Cambodia. This strain is resistant to all the standard drugs used to cure the disease.

The WHO also warned that the danger this strain would spread globally is "especially acute," because the first of 22,000 members of a U.N. peacekeeping force are now entering the affected mountainous area on the border with Thailand, and could carry it back to their home countries.

Also at risk are 360,000 Cambodian refu-

gees now in Thailand, who will be returning to their homes within the next few weeks.

Health

Former Soviet Union faces catastrophe

The World Health Organization and Unicef have issued a joint report warning of an "unprecedented collapse" of health and social services in the republics of the former Soviet Union.

The two United Nations agencies warn that any further sudden collapse of the economic structure in the former U.S.S.R. could "set off a spiral of disease and poverty," with the situation particularly bad in Central Asia, affected by a "vicious circle" that could result in "economic and political chaos."

The two agencies warn, in sum, that if \$100 million in emergency aid is not forthcoming for health and social services, with a tripling of that amount in the year to come, there could be a situation in which nearly 200 million people will be left without health care.

Brazil

CNN report on street children corrected

EIR's bureau in Rio de Janeiro, Brazil has filed a report disputing a story by Cable News Network which was the basis for a report entitled "Street Kids Killed to Ready Rio for Earth Summit," in the March 20 *EIR* (p. 24).

Our correspondent reports that 3-5, not 50-60, children are killed every day in the Greater Rio de Janeiro area, which includes the neighboring municipalities of "Baixada Fluminense" where most of the killings occur. The number includes not only homeless children, but also some involved in drug trafficking.

EIR correspondent Geraldo Lino objected to any suggestion that the killings are in any way officially sanctioned, and said that such a suggestion by CNN was part of an Amnesty International-style defamation campaign mounted against Brazil over the past few years.

● **183 MILLION** people in Ibero-America are poor, nearly half the continent's population, according to the First Regional Meeting for Latin America, preparatory to the International Conference on Nutrition. The group estimates that 55 million are malnourished, 60 million affected by anemia, and millions are affected by diseases stemming from malnutrition.

● **AIDS VIRUS** carriers in China have risen 43% this year, *Libération* reported March 17. Of the 212 new seropositives registered, 117 are Chinese citizens. The minister of health said that most of the seropositives are in the province of Yunan—which borders the drug-producing Golden Triangle.

● **INDIA AND ISRAEL** are expected to finalize agreements for joint R&D and weapons systems development, when an Israeli delegation visits New Delhi March 31. The areas designated for cooperation are electronic warfare, surveillance systems, missiles, military communication systems, and electro-optics.

● **UKRAINE** Interenergo of Kiev has contracted to sell 800 million kilowatts of electricity a year to the Austrian electrical utility, Österreichische Elektrizitätswirtschaft, the *Financial Times* reports. Austrian officials "are counting on a substantial decline in domestic demand for power in the Ukraine in the next few years as industrial output there falls sharply."

● **BANKAMERICA** will lay off 10-12,000 employees within three years of its takeover of Security Pacific Corp., UPI reported.

● **STEEL SHIPMENTS** are up by 1.2%, says the American Iron and Steel Institute. But shipments to machinery, industrial equipment, and tools fell 14.4%; to oil and gas equipment fell 39.4%; to agricultural equipment fell 4.9%; and to rail freight cars, passenger cars, and locomotives fell 11.7%.