

Business Briefs

Narcotics

Drugs, economic crisis on Non-Aligned agenda

The global scourge of drug abuse and narcotics trafficking are among the top issues to be discussed by a Non-Aligned Movement conference that opened in Cyprus Sept. 5. Senior officials started work on a draft final document on economic problems that identified drugs, debt, drought, hunger, and environmental deterioration as key problems. Foreign ministers of Non-Aligned states met Sept. 7.

"Drug abuse and illicit trafficking are a scourge that seriously weakens the social fabric of nations, threatening their security and undermining their social, legal, economic, and cultural structures," said the draft document for the six-day conference. Delegates from the 101-nation Non-Aligned Movement will consider a call for all states to take concerted action to combat the problem of the consumption, production, and trafficking of narcotics. States were also urged in the draft to provide economic and technical assistance to drug-producing countries to speed up the search for alternative crops acceptable to farmers. The draft said many governments were unable to press ahead with much-needed development projects because of the costs of fighting the "grievous problems" of drug abuse and trafficking.

It also wants attention paid to the "growing and pernicious link between terrorist groups and drug trafficking."

On other issues, the conference will focus on the acute economic crisis facing African countries weakened by debt, drought, food shortages, and low commodity prices.

The draft conclusions for the conference urged creditor countries and international banks to negotiate with debtor developing countries on measures to solve the debt crisis. The draft said the total external debt of developing countries, many of which are Non-Aligned, stood at \$1.2 trillion at the end of 1987, with an increasing number of nations suspending interest payments.

One proposal before the conference was a call for the setting up of an emergency program of financial aid for nations chronically short of food.

Relief

P.R.C. appeals for disaster aid

The People's Republic of China has issued an appeal for international aid for three provinces hit hardest by floods, typhoons, and drought, the official Xinhua News Agency announced Sept. 3, according to a report in *Stars and Stripes*, the U.S. Army newspaper.

A report released by the Chinese Ministry of Civil Affairs stated that severe weather in Zhejiang, Heilongjiang, and Hubei provinces, has resulted in 500 deaths and nearly \$2 billion in damages.

The report said that more than 25 million people had been affected in some way, and that "the Chinese authorities have taken various measures to help the disaster area. . . . Help from foreign countries and international organizations will be accepted."

The worst crisis, it said, is in the coastal Zhejiang province, because of flood and drought conditions.

Third World

'People drop dead, and no one cares'

A close associate of former West German Chancellor Helmut Schmidt at his Inter-Action Council of Former World Leaders told a journalist Sept. 6 that the consensus among Western elites is against any significant aid programs to the developing sector, including to disaster-distressed countries like Sudan and Bangladesh.

He said, "The South is not a priority, people are much more worried about how the dollar is doing, taxes, the stock market. In the American election, no one mentions these problems. The Western view is that the Third World is going down and down as a priority. People are dropping dead, and no one cares."

"Economic development of the South is sliding down as a priority at a fantastic rate. Schmidt is very cool to the problems of the

South. As he put it once, 'I will never be elected or re-elected by advocating giving 5% more aid to the South.'

"... A major initiative to distressed countries, whether it be for water management or large projects, is totally out of the question, in the prevailing view. There is simply no political climate for any big enterprise in the South."

The 'Recovery'

Record number in poverty in Houston

The number of people living in poverty in Harris County (Houston), Texas since 1980 has increased at nearly twice the statewide rate, according to a study by the Texas Department of Health and Human Services.

More than 480,000 Harris County residents, 16.56% of the county's population, lived below the federal poverty level of \$11,200 for a family of four in 1987. That represents an increase of 6.18% since 1980, compared to a statewide increase of 3.74%.

The number of Texans living below the federal poverty level was estimated at 3.07 million, or 18.4%, at the end of 1987, a 1.03 million increase over 1980.

Presidio County in West Texas had the state's highest poverty level, with 55.11%. Dallas County had 13.9% in poverty; Bexar County (San Antonio) had 22.01%; and Travis County (Austin) had 18.05%.

Food

Soviet Turkic regions suffer worst shortages

The worst food shortages inside the Soviet Union are occurring in the Turkic Central Asian republics, where meat, dairy products, and sugar are nearly non-existent, according to reports from the Soviet Union.

In Central Asia, meat consumption is officially reported at 40 kg per person per year, or 2 lbs. every nine days.

Briefly

The food crisis is also severe in the Transcaucasus, normally a food surplus region. In Georgia, for example, meat, butter, and sugar are strictly rationed, and fruit and vegetables are non-existent in the state shops.

As elsewhere throughout the Soviet Union, fruits and vegetables are only available—at exorbitant prices—through private markets maintained by peasants.

A Sept. 1 *Pravda* article on food rationing began by quoting a resident of the Ural industrial city of Chelyabinsk denouncing the private peasant markets—which analysts take as an omen of a coming “antikulak” (rich peasant) campaign.

“In the free market shops, they’re selling meat, poultry, milk, butter, as if it were in another country, while we—are we to be treated like animals? Because in Chelyabinsk, all the [state] stores are empty.”

The *Pravda* article mentioned that meat is now rationed in 26 regions of the Russian Republic, butter in 32 regions, and sugar in 53 regions.

East-West

‘Joint ventures’ called disappointing

A new Soviet analysis of “joint ventures” with Western firms has found the results to be very disappointing, according to a report in London’s *Financial Times* in early September. The analysis was published in the Communist Party journal *Kommunist* by I. Ivanov of the Foreign Economic Commission of the Council of Ministers.

Ivanov’s report was apparently written to persuade skeptical party leaders to make more concessions to Western firms engaged in joint ventures. It says that little has emerged from ongoing venture deals.

Moscow plans 320 joint ventures over the next seven years, 140 of which involve high technology.

Of existing such ventures, West Germany leads with 13, Finland has 9, and Italy 8. U.S. firms have only 7.

But, says Ivanov, the typical venture investment is tiny, most capitalized at under 5 million rubles. Western partners are very

skeptical and cautious, not the least because of restrictions on Western companies’ abilities to repatriate profits from their Soviet companies.

Meanwhile, leading West European banks are planning the first bank “joint venture” with Moscow, according to a report in the French daily *Le Figaro* of Sept. 5. The Western European banks Kreditanstalt of Vienna, Crédit Lyonnais of Paris, Banca Commerciale Italiana, and Kansallis-Osaka-Pankki of Helsinki will announce that before the end of the year, they will join to form a new bank with a Soviet director and 51% control by Moscow.

The bank is to have an initial capitalization of 1 billion French francs (\$160 million). An as-yet-unnamed West German bank, British, and possibly Japanese banks are also to join the new consortium.

Most Western banks already have a “joint venture” partnership in Hungary, the Central European International Bank, in which the Hungarian National Bank is the majority stockholder.

European Community

Moot food trade pact with Moscow

Henry Lord Plumb, president of the European Parliament, was to raise the possibility of a Soviet-European Community agricultural trade pact, during three days of meetings in Moscow that began Sept. 6.

According to a report in London’s *Daily Telegraph*, Plumb is heading the first top-level European Community delegation to the Soviet Union since formal relations between the Soviet bloc’s Comecon and the EC were established in June.

During this visit, Plumb will argue that such food trade cooperation could lead to a solution of many world food problems. He was expected to tell his Soviet counterparts that a combination of EC and Soviet efforts could help to reduce famine in many countries, particularly in Central Africa. How was unclear. Given the Soviet food situation, Moscow is only likely to be interested in new shipments of food to Moscow, not Africa.

● **HEALTH INSURANCE** premiums paid by federal workers and the U.S. government will jump an average of 26% next year, and the cost of some popular health plans will go up 40% or more, according to the federal government’s Office of Personnel Management. The average premium paid by non-Postal Service employees, now \$58 a month, will increase to \$73 a month.

● **UNCTAD** has called on commercial banks to forgive at least 30% of the debt of 15 heavily indebted developing nations. London’s *Financial Times* immediately attacked the proposal Aug. 31: “Whole debt forgiveness will weaken creditors’ hold over debtors. Once granted, debt relief cannot be ungranted. It therefore marks a sharp break with the principle of conditionality, the foundation-stone of the current approach.”

● **A RECORD** grain harvest is reported from West Germany, 27 million tons, 13.8% higher than in 1987. East Germany, however, suffered a sharp drop in its harvest, 10% below last year.

● **LONRHO CORP.**, run by gangster and British Crown agent Tiny Rowland, plans to buy Iran’s share in the German Friedrich Krupp Corp., at something between 0.7 and 1.4 billion deutschmarks. Iran has held 25% of Krupp since 1974, LonRho a 50% share in Krupp International Trading Corp. since March of this year. Involved in the transaction are two German banks, West Landesbank and Dresdner.

● **UNION BANK** of Switzerland is closing its private client stock brokerage affiliate in London. According to the bank, the action is a result of low stock trading volumes since “Black Monday,” Oct. 19, 1987. Senior London financial sources say the move is only the first indication of large new layoffs to hit the London, New York, and Tokyo financial centers.