

# Business Briefs

## Eastern Europe

### Poland 'normally poor,' says Harvard economist

Harvard economist Jeffrey Sachs told a Madrid panel on Eastern Europe in July that Poland is normally poor, so one shouldn't blame him if that country's "shock therapy" program had collapsed many categories of industrial output and employment.

The panel, under the telling theme, *The Price of Democracy*, also featured Alan Walters, one of the closest economic advisers to former Prime Minister Margaret Thatcher, who presented an updated version of Adam Smith's "invisible hand," saying that "once the reforms arrive, the money will arrive as well—and it will pour into the right hands."

Sachs presented what he called the "success story" of the Polish economic reforms, which he said he helped shape from the start. He likened the present situation in the U.S.S.R. to that in Poland two years ago, claiming that the Soviets could learn from the Sachsian approach to the Polish mess: "Today, Poland is far from becoming a rich country. But the people have a future again; they are not hopelessly poor, but just normally poor."

The recipe Sachs offered to Soviet leader Mikhail Gorbachov was the same: Western aid should be tied to a fixed, unalterable timetable for "free market" reform. In case Moscow turned from the agreed course, the aid should be halted on the spot.

## China

### Lack of infrastructure caused flood disaster

China's grain reserves are being destroyed, not just by disastrous floods, but by the country's lack of basic infrastructure, reports indicate.

The extent of the disaster unfolding in China was confirmed by the government official in charge of grain storage and transportation. While the crops directly destroyed by the floods could reach 10 million metric tons, the

damage to stored grain is already 80 million tons. This includes about 6 million tons that was simply placed outside due to lack of storage facilities, all of which was washed away.

"More than 1,300 granaries have cracked, tilted, or collapsed," according to the *Journal of Commerce*. Another 60 million tons are in danger in other areas as the flood waters approach. Efforts to move the grain out of harm's way have failed due to transportation incapacity and because there is no storage space in adjoining provinces. While some of the grain can be salvaged for animal fodder, most is being thrown out as unfit for consumption.

Chinese Communist Party head Jiang Zemin said July 17 that the current floods in the Yangtze Valley are "one of the most serious disasters in Chinese history," the BBC reported. Altogether, 200 million people are affected by the floods, losing homes, farms, and facing hunger and disease. Some 2,000 are reported killed. A full 20% of China's cropland is under water. Infectious diseases, including dysentery and cholera, are on the rise, and conditions are expected to worsen.

Chinese experts are blaming the oil fires in Kuwait for the heavy rain.

## Ecological Holocaust

### TB, malaria ravaging Liberia and Vietnam

Medicines are urgently needed to prevent tuberculosis from spreading out of control in Liberia, a United Nations disaster agency was quoted by Reuters on July 24. The United Nations Emergency Relief Operations in Liberia issued the appeal for medicines after a survey found there were patients with tuberculosis throughout the country.

Similarly, a nationwide malaria epidemic is spreading in Vietnam, Vietnam Television Network reported July 9. The broadcast notes that the Malaria Abolition Program, which has been in operation for more than 20 years, has historically contributed to the protection of people's health. It notes however, that due to socioeconomic changes, there have been doz-

ens of thousands of people moving from the north to the Central Highlands and the plains areas in the south to make a living.

They are increasing every day, causing the malaria problem to become more serious. Health services in villages have been degraded, and funds for the anti-malaria and malaria prevention program are limited. Thus, in many areas in the north, especially in the mountainous areas—Hoang Lien Son, Nghe Tinh and so forth—malaria has returned. In the provinces, the number of malaria parasites are increasing, and the epidemic is spreading. According to initial statistics, in the first five months of this year, there were 228,659 people infected with malaria nationwide. Both the rate of people infected with acute malaria and the mortality rate are high.

With respect to the Ibero-American cholera pandemic, the Pan-American Health Organization, PAHO, issued a hard-hitting document, including a reiteration of its proposal for a \$200 billion investment in basic sanitation and water system investment to stop the waterborne killer. The document called the situation "a health disaster." Nonetheless, after voting to fully support free trade and economic disintegration, the Ibero-American Presidents at their recent summit—including loud-mouthed Fidel Castro—voted nothing but a few empty words of concern on the cholera epidemic.

## Soviet Union

### New statistics show economic collapse

Goskomstat, the Soviet statistics agency, has released figures that record an across-the-board collapse of the Soviet economy. According to the July 18 London *Financial Times*, Goskomstat says that Soviet GNP declined 10% and foreign trade 37.1% in the first half of 1991.

Oil production fell to the lowest levels since the mid-1970s, a 10% fall between January and June, to 263 million tons.

The newspaper also cites a Soviet employers association economist who said that 1,200 of the country's 20,000 large- and medium-

sized firms were idle at any one time during the first half of the year because of disruption of the administrative and distribution systems.

Goskomstat also reports a decline in national income by 12% and a drop in productivity of the state sector by 11%. Total exports declined 23.4%, attributed mainly to difficulties in the oil sector. Coal production fell 11%.

## Space

### Soviets cancel space station mission

A manned mission to the Mir Space Station will be canceled to save money, the Soviet military daily *Krasnaya Zvezda* announced July 17. According to UPI, the paper reported that at a meeting of the State Commission on Space, the decision was made for a November Soyuz flight to be canceled, with that crew to be combined with one mission scheduled for October.

This will mean that one cosmonaut currently on board Mir will be there one year, rather than the planned six months, because as two crews are combined into one, there will not be room to bring back both of the present occupants of the station.

The commission reportedly said that "the current economic situation made it impossible" to keep the previous schedule. While Soviet scientists recently interviewed in the U.S. scientific press have been optimistic about the political changes in the Soviet Union, including their ability to travel abroad more, the funding for research and even the high-profile space program has been decimated.

## United States

### Rohatyn advises: 'Go Europe, young man'

While George Bush was trying to sell Mikhail Gorbachov on the free market, America was

falling apart, *Washington Post* columnist Hobart Rowan wrote in the *International Herald Tribune* July 20.

Citing bank collapses and mergers, Rowan reported on a remarkable interview he had with Lazard Frères banker Felix Rohatyn. Rohatyn told him: "If I were 30 years old, I would move to Europe," and expressed his intention of "leaving the New World and coming back to the Old World," which he once left as a teenager to make his fortune in the United States. America "is going no place," Rohatyn said.

During a recent tour of the Old World, Rohatyn found Europe "forward-looking, driven by a confident government-business partnership. They want to widen out the frontiers. People are thinking about and accepting a united Europe. Sure, they have problems, but they assume they can be dealt with."

"Europeans see the '90s as their decade, seizing global leadership from Japan," Rowan added, pointing at the "economic and political coalescence of Europe."

The U.S. problem is "not lack of cash but lack of inspired leadership. Mr. Bush clearly doesn't have it, but no Democrat has emerged as a promising alternative."

## Environmentalism

### World Bank won't fund logging projects

The World Bank issued a new policy document July 17 which bans the funding of logging projects in "primary rain forests." The World Wide Fund for Nature and Friends of the Earth had been lobbying for the policy shift for 10 months. The document, which will "guide the Bank's policy into the next century," recognizes the rights of forest dwellers to carry on "traditional harvesting." The Bank will now only support reforestation projects and pay for policing of primary forests.

It took so long to get the policy document through, London's *Guardian* reported, because there are fears that governments, without Bank aid, will now stop managed logging and resort to indiscriminate forest clearance.

● **SCIENTISTS** at the University of Pennsylvania in Philadelphia say they have found evidence that the AIDS virus gets into nerve cells through a molecule on the cells' surfaces called Galactosyl-Ceramide or GalCer.

● **PEGASUS**, a winged rocket plane, was launched from a B-52 jet and boosted seven small Pentagon research satellites into the wrong orbit July 20. But officials said that they would still be able to accomplish the goals of the project. Pegasus is based on hypersonic aircraft technology.

● **THE BAJA** California, Mexico state legislature has unanimously approved an amendment to the State Public Health Law, adding Acquired Immunodeficiency Syndrome (AIDS) to the list of those diseases for which it is "obligatory that the nearest public health official be notified" of any and all cases.

● **FIFTEEN** nuclear power plants were added to the world's power grid during 1990, bringing the total number of operating plants to 418. Three were in the United States—Seabrook, Limerick 2, and Comanche Peak 1. The annual nuclear survey of the U.S. Council for Energy Awareness says that 13 countries generated more than 25% of their electricity with nuclear energy, but the United States was not among them.

● **SECRETARY** of Energy Henson Moore, during a trip to the Soviet Union in early July, invited the Soviets to participate in the construction and operation of the superconducting supercollider being built in Texas. According to the DoE, First Deputy Minister of Atomic Power and Industry Boris V. Nikipelov responded positively to the offer.

● **AN ISRAELI** cosmonaut may fly on a Soviet Soyuz rocket to the Mir space station, the Soviet government newspaper *Izvestia* has reported.