

Business Briefs

Asia

Vietnam proposes development fund

Dr. Nguyen Xuan Oanh, a Vietnamese government economic adviser and one of the few South Vietnamese officials to go over to the victorious communists at the end of the war, has proposed the creation of an Indochina Development Fund as a joint agency of Vietnam, Cambodia, and Thailand. The fund would be established with resources pooled from the Asian Development Bank and donor countries, such as those of the Association of South-east Asian Nations (Asean).

He also has proposed that the three Indochinese states set up a ministerial-level committee to direct economic reforms and cooperation.

The purpose of such actions, he said, was to end Indochina's isolation. "Understandably the first step should be with a regional scheme, such as with Asean, and later with international organizations."

The proposals were made at a conference on Indochina organized by the East-West Center Alumni of Harvard. Oanh is a Harvard graduate.

Economic Theory

Moscow told Western banking is a 'virus'

"Business management skills are going to be a scarce commodity in the Soviet Union for some time to come," wrote Oxford University economist Peter Oppenheimer in the Aug. 27 London *Independent*. Under the headline "The Virus Moscow Needs to Avoid," he said that if the Soviets want some lessons in how to reform their banking system, "they should go to the Germans or the French. When, on the other hand, they feel ready to be the financial equivalent of second-hand car salesmen, they will find themselves welcome in London or New York."

Oppenheimer bluntly characterized the performance of both the U.S. and U.K. bank-

ing systems over the past decade as "deplorable." He said it was not the lending to the Third World that was "troublesome," but rather, "the subsequent pursuit of alternatives . . . of doubtful rationale." The "enthusiasm for Victorian market freedom" in the U.K. has been equally catastrophic, he argued.

Oppenheimer called the bankers' policy "the Anglo-Saxon virus," which led to "speculative excess and collapse," in contrast to the continental European banking systems, which "on the whole avoided going overboard on financial freedoms." "Attitudes to economic policy on the Continent have a more *dirigiste* tendency than in America or Britain. . . . As is well known, banks on the continent, especially in Germany, cultivate a much closer relation with the managements of industrial and commercial companies than is the case in Britain. . . . In addition, the continental banking structure goes together with a less prominent role for stock exchanges than in the Anglo-Saxon countries, and correspondingly lesser concern among businessmen with short-term changes in the market valuation of their companies."

Environmentalism

Europe's growth industry to be 'pollution control'?

Will Europe's "growth industry" be pollution control? Recent studies by the Organization for Economic Cooperation and Development (OECD) and consulting firms in Europe project that by the turn of the century, western European industries will be producing at least \$78 billion worth of environmental clean-up equipment, which western European companies, municipalities, etc., will be forced to buy, by law.

This extraordinary figure is just for water, air, and waste treatment systems, and does not include "green" products, such as biodegradable items.

The OECD's \$78 billion estimate compares to U.S. Environmental Protection Agency chief William Reilly's estimate last year that \$80 billion is already spent annually in the U.S. to meet environmental regulations.

He projected that this cost would double to meet the recent amendments to the Clean Air Act.

The Aug. 27 *Wall Street Journal* says that the French consulting firm Bipe Conseil is even "more optimistic," projecting that the European market for environmental equipment and services will top \$100 billion by 1999—nearly double the current \$54 billion.

Banking

Norway bails out banks in crisis

The government of Norway has been forced to bail out Fokus Bank, the country's third largest. Fokus lost more than \$81 million in the first six months of this year and, according to a Scandinavian banking source, it is technically insolvent.

The Norwegian banking crisis has severely depleted the nation's bank insurance fund, forcing the government to inject new capital in recent weeks. It has also prompted the Brundtland government to name a committee to investigate the worsening situation.

Norway's banking problems go back to 1984, when the Brundtland government began "American-style" financial deregulation, allowing banks to speculate in real estate and other high-risk areas. Said *EIR*'s source, "When the oil price collapsed in 1986, that was the beginning of the end. The government then tried to decouple from its dependence on the oil economy in 1988 and as a result created its own version of a 'shock therapy' which has had the economy depressed for three years. The result is in many ways similar to Austria's Kreditanstalt, from say, 1927-31, when insolvent industries were taken over by the banks, making them insolvent, leading to a national bank bailout and ultimately an Austrian government bailout."

The crisis is about to spread throughout Scandinavia. Swedish banks are believed to be the most exposed in the Norwegian banking market.

Briefly

International Credit

Japanese anxious to invest in Russia

"The view of Japanese industry right now is that we must not miss the 'Russian bus,' " a well-informed Japanese source has told *EIR*. "Japanese companies are very eager to invest in Russian oil and gas, as they know that if they are able to tap into this, it will be very positive for Japan's economic stability. The majority view after last week's Moscow events [the failed coup attempt] is that 'now is the time to open the door' to Russia and the other republics."

He continued, "This is why Foreign Minister Nakayama is in Moscow this week, to reopen talks on the Kurile Islands. Yeltsin this morning [Aug. 27] also said he thought it time to negotiate a return of the islands. Settling the islands question, which at this point is only an irrational symbol for both sides, would open the door to broad economic assistance."

He added that the Japanese Ministry of International Trade and Industry "and other Japanese institutions have detailed proposals already worked out."

Health Care

Seriously ill not receiving treatment

The latest studies show that some seriously ill people in the United States never get emergency care, or die waiting for it in emergency rooms. Three new studies—by San Francisco General Hospital, UCLA Harbor Medical Center, and the National Public Health and Hospital Institute, the last involving 279 hospitals around the country—found that many people with serious conditions wait from 15 minutes to 17 hours in emergency rooms before being seen; other patients with just as urgent medical problems—possibly as many as 1 million patients a year—leave the emergency room without being treated, even though 45% required "urgent care," many needing to be hospitalized immediately. Another 29% need-

ed care within 24 hours.

Dr. Arthur Kellerman, of the American College of Emergency Physicians (ACEP) and author of one of the studies, said that despite the general belief, it is not true that the reason for overcrowding is that too many people are going to emergency rooms when they do not need care. "The vast majority coming in have good, rational reason for coming there. It is past hours, no clinic is open, their symptoms are serious and they have no place to turn."

Dr. John Johnson, president of ACEP, said that a saturated medical care system makes it harder and harder for people to be seen by a doctor. He added that those who come to emergency rooms today are far sicker as a rule than those of even 10 years ago.

A third study found that overcrowding in emergency rooms is so severe that ambulance patients are turned away from full hospital emergency rooms about 25% of the time. In California, where over a dozen hospitals have closed their emergency rooms permanently, it is well known that patients can be taken to as many as 4-6 hospitals before finding an emergency room that has a bed. So many patients literally line the walls of emergency rooms that area fire departments have issued citations. Some of those waiting have died without emergency room staff being aware of it for hours.

Africa

U.N. chief calls for debt cancellation

U.N. Secretary General Javier Pérez de Cuelar has issued a call for the cancellation of all of Africa's bilateral and export credit debts. He will submit his report, "The Economic Crisis in Africa," to the September General Assembly meeting.

"It is simply not possible for African countries to develop under an existing debt burden exceeding \$270 billion," he told a press conference.

The report says that Africa's current debt is double that of 1980, and equals 90% of Africa's yearly total of output of goods and services. Both commodity prices and real official assistance fell during the 1980s.

● **SWEDEN'S** Erik Penser has watched his speculative empire collapse, in what is being called the most spectacular failure of a Scandinavian business holding since the 1931 Ivar Kreuger crash. The state-controlled Nordbanken, Sweden's largest, has been forced to step in and take control of Penser's Nobel Industries arms and chemicals group, even though he had received preferential access to bail-out credits from Nordbanken—in which he owns a 13.5% share.

● **THE CHOLERA** epidemic in Africa, which has affected 35,000 people, has so far claimed the lives of 3,420 people in Chad, Cameroon, and Nigeria. In Nigeria, the Red Cross reports that there are about 4,000 victims of yellow fever and the cholera epidemic.

● **THE EUROPEAN** Community is committed to providing a \$3 billion fund to support the three Baltic states, reported Karel van Miert, transportation commissioner of the EC Commission in Brussels, after talks Aug. 27 with representatives of the governments of Lithuania, Latvia, and Estonia. Details of the "Miert Plan" are to be published soon.

● **TWO INTELSAT** satellite communications circuits will be established by the Soviet Union and Japan, in what Kyodo news service calls a move "aimed at meeting mushrooming telecommunications needs between Japan and the U.S.S.R." A new installation is being created in Vladivostok for this purpose.

● **THURN UND TAXIS** Bank of Munich may soon be sold because what is believed to be Europe's largest family fortune is in serious disarray. Princess Gloria, widow of the late Prince Johannes, is considering bringing legal charges against five former business managers of her late husband's holding company. German financial press speculate that the family lost as much as \$1 billion in the October 1987 U.S. stock market crash and subsequent real estate collapse.