

Business Briefs

Economic Policy

Nigerian government sets up 'health bank'

The government of Nigeria has set up a bank to provide low-interest loans to medical care providers, Nigerian head of state Gen. Sani Abacha announced on Sept. 6, according to wire services reports.

"In view of the poor state of our health sector, I hereby approve the immediate establishment of a health care bank," Abacha said, at a national conference on health in Abuja, the national capital.

"The project is being funded with a take-off grant of 25 million naira [\$3.12 million] for the effective development of our health system," he said. "The essence of the bank is to make funds easily accessible at moderately low interest rate to all health practitioners, including doctors, pharmacists, laboratory scientists, and nurses all over the country."

Debt

Mexico's debt 'unpayable' says former Fed official

Mexico's debt is "simply unpayable," Walker Todd, a former official of the U.S. Federal Reserve, told the Mexican paper *Proceso* in an interview published on Sept. 6. Todd questioned the evaluation made in U.S. Senate hearings that Mexico was making "strong financial progress," and asserted that if the government has to constantly increase indebtedness, this is not a sign of economic health.

Todd quoted a Salomon Brothers report which estimates that Mexico's debt will reach \$167 billion by the end of 1995, and said that another \$11.9 billion in commercial debt should be added to that figure. By 1996, Salomon calculates a \$166.3 billion foreign debt, plus another \$12.1 billion in commercial debt.

Todd argued that Mexico will have increased its foreign debt by \$43 billion in only one year, since the debt figure for the end of 1994 was \$124 billion. "Do you believe that? And of course, there are estimates that go higher, up to \$180 billion, but I would place the

Mexican debt at \$175 billion." If this is the case, he added, then Mexico will need \$12 billion to pay interest on older debt, \$3 billion for new credits, and \$5 billion to liquidate Eurobonds which come due next year." If it needs a total of \$20 billion to cover this, Todd continued, and \$10 billion maximum can be deducted for the trade surplus, "they will still need another \$10 billion. Where will that come from? Obviously from new credits."

"I think we have to . . . understand that Mexico's real economy is not improving," he concluded.

Germany

Workers, managers demand space projects

Workers and managers of the German aerospace sector called for increased funding for space projects, during celebrations of the 20th anniversary of the European Space Agency (ESA) in early September. They called on the government to put an end to cost-cutting approaches to space technology development.

Spokesmen of Bremen-based companies called space technology "key to the survival" of German production, because of its catalytic role in the development of new technologies in general. The current budget-cutting attitude of the management of the German Aerospace Group, a conglomerate of the biggest industrial firms in the aerospace sector, has come under attack, particularly from labor unions.

Among politicians, Bavarian Gov. Edmund Stoiber has become a key spokesman for the interests of the aerospace sector, which is heavily concentrated in his state. Stoiber has scheduled a high-level crisis meeting of the aerospace industry, politicians, and scientists in Munich on Sept. 25.

This meeting will also discuss initiatives for the ESA meeting on Oct. 18-20 in Toulouse, France, which has on its agenda a number of priority projects, such as the joint European space satellite program and a shuttle, that need extra funding by ESA member governments. At present, the ESA budget has been cut back to DM 4 billion (\$2.5 billion), although already at least DM 6 billion is required just for the projects that have been given a green light by the 14 member governments.

Labor

Zimbabwe trade unions declare war on the IMF

Zimbabwe's labor movement urged the government of Robert Mugabe on Sept. 3 to resist International Monetary Fund (IMF) conditions for economic reforms, according to wire service reports. Morgan Tsvangirai, secretary general of the Zimbabwe Congress of Trade Unions (ZCTU), said IMF and World Bank demands that the government should have little role to play in a free market had marginalized the black majority from the economy.

Tsvangirai, who left for Zambia after the trade union conference, said that the ZCTU would forge stronger links with institutions opposed to IMF and World Bank-prescribed economic structural adjustment programs. "I think that everyone has realized that [the program] . . . is not going to work," he said.

He said the ZCTU felt that, contrary to the World Bank and the IMF, governments in developing countries such as Zimbabwe should have a bigger role to play in economic reforms to ensure that fledgling industries are protected from unfair competition from multinationals.

"We have to help the Zimbabwean government to resist pressure from the IMF and the World Bank to take measures which affect the country adversely," he said, adding that the ZCTU would also lobby parliamentarians and the ruling ZANU-PF party.

Finance

Fears of a 'crash of the century' grow

There is fear of a "crash of the century," the German weekly *Wirtschaftswoche* wrote in a five-page special report on the volatile situation on the markets today, in an early September issue. The story, "Selling in a Panic," started out with a warning by Roland Leuschel, of Banque Bruxelles Lambert, that "there will be a crash at the stock exchange," like the one he forecast in October 1987.

Speculator George Soros was quoted that

Briefly

"at present, the market is in a boom phase, but exactly because of that, it has the potential for a crash," although "something special has to happen, to trigger a collapse."

James Stowers, of Twentieth Century Investors, Inc. of Kansas City, warned of nervous reactions among investors who might sell stocks in a panic, and thereby trigger the feared downward spiral reaction. Because fund shares have been bought at a record-high level, this will lead to massive losses. The main problem is the tiny cash base of the overblown funds, he said.

The possibility of such a development is not even envisioned by the Group of Seven, which has not prepared any emergency session yet, Soros remarked. Wall Street analyst Robert Prechter said that he does not rule out a drop of the Dow Jones to 1,000 points.

Science

Thunderstorms pump chlorine into atmosphere

Thunderstorms play a major role in pumping sea salt and chlorine into the atmosphere, according to the June/July issue of *Environment Betrayed*. The finding means that one of the major pillars of the ozone-depletion theory, that there are only man-made sources of ozone-depletion, is a fraud.

The newsletter cited several scientific studies that demonstrate that a large percentage of thunderstorms routinely penetrate the stratosphere and pump in enormous amounts of water vapor and other chemicals. According to promoters of the ozone-depletion theory, only chlorine from chlorofluorocarbons (CFCs) reaches the stratosphere and it's this chlorine that is supposedly depleting the ozone layer.

Ed Krug, editor and publisher of the newsletter, pointed out that the numbers are quite large. There are over 16 million thunderstorms per year, or 45,000 per day, and according to one study he cited, 25% of the storms measured penetrate the stratosphere. According to Krug, this evidence, and further studies of the role of thunderstorms in the stratosphere, have been suppressed since 1985. Krug calls thunderstorms "volcanoes

of the atmosphere," referring to the fact that volcanic eruptions deposit chlorine into the stratosphere.

Krug headed the North American Acid Precipitation Assessment Project (NAPAP) in the 1980s. It was the largest environmental study in history, involving over 3,000 scientists over a span of 10 years to determine the danger of acid rain. After NAPAP published its conclusions, that there was no acid rain problem, Krug was fired and the \$500 million study quickly buried.

Agriculture

Former Soviet states face critical situation

The critical situation in the agriculture sector of the members of the Community of Independent States (CIS) is clearly demonstrated in the balance-sheet for the first half of 1995, the weekly *Agra-Europe* reported on Sept. 4. If the situation doesn't change, "the republics will face great problems concerning the supply of food in 1996."

The situation in milk and meat production is "extremely bad," it said. The number of farm animals and production of meat and milk products dropped drastically. For the first time, cattle herds were reduced in all categories of farms. Until now, the big, reorganized collective farms have been slaughtering cattle, while the private farms expanded the number of cattle. Now, they too, are reducing their herds. The number of cows last year compared to 1993 dropped between 10% (Russia, Ukraine, Kyrgyzstan) and 28% (Belarus). The number of hogs between 11% (Belarus) and 62% (Tajikistan).

The other sector of grave concern is potatoes. Already last year, the potato harvest dropped by 19.2% compared to 1993, to 60.3 million tons. This year, potato planting was further reduced. The potato harvest is critical for the CIS, because "potatoes became one of the rare basic foods, that the majority of the population still can afford, that together with bread, makes up around 70% of the consumers' food ratio in many regions of Russia," the weekly wrote.

● **MEXICO** needs over \$100 billion in the next 15 years in order to rebuild highways, ports, airports, railroads, sewerage, fresh water, and all kinds of basic infrastructure, Jorge Arganis Díaz, head of the College of Civil Engineers, stated, the weekly *Epoca* reported on Sept. 4.

● **THE CANADIAN** government announced on Sept. 6 that it will reduce its shares in Petro-Canada from 70% to 20%, and the sale of the shares later in September will be the largest stock offering in Canadian history, the *Toronto Globe and Mail* reported. The privatization deal is valued at about \$1.61 billion.

● **BEAR STEARNS** has lost seven members of its board of directors in the past two months, the Sept. 5 *Wall Street Journal* reported. One analyst expects the collapse of the mortgage derivatives market, which blew out in March 1994, to wipe out over one-third of Bear Stearns' profits.

● **THE CLEARING** organizations of 19 U.S. financial exchanges have established the Unified Clearing Group, to facilitate the sharing of information about major positions taken by brokers on the various exchanges, the Sept. 6 *Wall Street Journal* reported.

● **A 'DEEP CRISIS'** in world derivatives trade has existed since the collapse of Barings Bank, according to an assessment unveiled in the annual international conference on derivatives in Bürgenstock, Switzerland in early September. Investors have "derivophobia," a marked fear of using derivatives contracts in any way, one analyst said.

● **THE LATIN AMERICAN** Bishops Conference issued a document in which they propose "to see if we can achieve, through joint efforts, a total or partial forgiveness through legal means, of the [region's] unjust foreign debt, which today exceeds \$500 billion," the Mexican daily *Excelsior* reported on Sept. 6.