

Business Briefs

Foreign Debt

Philippines 'bleeding to death,' says official

The Philippines "are being asked to bleed to death," that country's economic planning secretary, Solita Collas-Monsod, told a recent conference sponsored by the *International Herald Tribune* in Singapore, the newspaper reported Dec. 2. "The Philippines can only attain stability and sustainable growth if two conditions are met. . . . reforms that will allow the most efficient use and equitable distribution of resources; and our creditors and aid sources consent to lighten the burden of servicing the foreign debt sufficiently to leave us enough resources for domestic use and distribution. . . .

"For 1986 and 1987, everyone highlighted the fact that we would be receiving \$2.7 million, all from official sources. No one seems to have noticed that we would, in the same period, be paying out \$5.7 billion to official and private creditors. . . .

"Let me set the record straight," the secretary continued. President Aquino "has repeatedly said that growth will take precedence over debt. Our government is committed to honoring its obligations. But if we do not have enough resources, we cannot pay. And without growth, there may not be anybody left in the Philippines to honor the debt."

Labor

Mexican unions ready general strike

The Mexican government has rejected labor's demands for wage increases in the wake of a recent currency devaluation, and the trade unions are responding by preparing strikes on a broad front, to culminate in a general strike.

After meeting with representatives of employers and the government, who rejected his demands, Fidel Velazquez, head of the umbrella Congress of Labor and of the Workers Confederation of Mexico (CTM), announced that trade unions across the

country would begin filing strike plans with the government Dec. 2, and would stage a general strike Dec. 15 at 12:00 p.m.

Representatives of labor demanded a 46% increase in wages, retroactive to Nov. 18, to compensate for the loss in purchasing power caused by the peso devaluation. "We do not accept the government's point of view, but it won't be a cause for breaking with them," Velazquez told the media. He presented an eight-point document, asking for increases in wages each time there is a devaluation.

Before the meeting between Velazquez, the employers, and government representatives had begun, Secretary of Labor Arsenio Farrell, speaking for the government, had already announced that the devaluation would not be revoked, strict exchange controls would not be imposed, and an emergency salary increase would not be granted. All major newspapers carried an ad from the secretary, addressed to Velazquez, stating those points. It added that labor should wait until January, when normal bargaining could take place.

Colonialism

Wright endorses debt-for-equity

Rep. Jim Wright, Speaker of the House, has endorsed New York bankers' schemes to impose debt-for-equity programs on Third World debtor-nations. Under the various debt-for-equity packages dreamed up by the bankers, countries are essentially told that, since they can't pay their debt, they should give banks their country instead.

In a speech in Miami Nov. 30, Wright told the 11th Annual Conference on the Caribbean that developing nations in that region should think about trading debt for equity to resolve their debt crises.

His variant on the scheme: "The idea would be to encourage foreign lenders to exchange non-performing government loans in state-owned companies for equity in those companies, with the agreement to sell or transfer a substantial portion of that equity to an employee ownership trust," said Wright.

"What better way to promote the advan-

tage of capitalism than by spreading its base, letting the workers have a piece of the action."

Banking

Bank of England wants bank capital standard

The Bank of England has been pushing for an international accord to make bank-capital requirements uniform, and this will probably be a lead item at an upcoming central bankers' meeting. Bank-capital requirements represent the ratio at which any banking institution may lend out against capital—currently different in different countries.

West Germany has been opposed to such an accord, because the agreement proposed is modeled on a U.S.-British accord which set standards lower than Germany's own. It would thus require Germany to *lower* its standards—considered a dangerous move given the likelihood of a new wave of financial collapse.

France has joined Germany in objecting to the proposed accord, for its own reasons. The French, on the contrary, do not consider the standards low enough, and want to relax the definition of capital to include loan-loss provisions.

These objections first surfaced Nov. 9 at the Group of 10 meeting of central bank governors in Basel, Switzerland.

Since France and Germany object for opposite reasons, it seems unlikely they will form a bloc to prevent eventual passage of an accord.

Science

Report medical spin-off of SDI laser

The free electron laser, under development as part of the President's Strategic Defense Initiative (SDI) program to shoot nuclear missiles out of the sky, will also see use as

a weapon in the medical battle against cancer. That was the topic of one scientist's address to the 73rd Annual Conference of the Radiological Society of North America in Chicago.

Dr. John Madey, a professor of electrical engineering and high energy physics, told the conference Nov. 29 of the medical potential of the laser. Because of its precision targeting capability, if used to treat malignant tumors, the laser would pose less risk of damage to underlying healthy tissues than any current surgical techniques.

Dr. Madey also predicted that use of the laser for removal of gallstones and kidney stones could begin in a year or two.

"Unlike conventional lasers, which work at fixed wavelengths, free electron lasers can be tuned to any wavelength across the infrared and visible spectrums," Madey told his audience. This capability, he said, "clearly offers opportunities for reduced pain and trauma" in treatment of cancerous growths, fractures, and other medical conditions.

"By using the free electron laser with the carbon dioxide laser, you could reduce surrounding tissue damage to a single layer of cells," Madey said.

Foreign Exchange

Feldstein wants to let dollar drop

America's trading partners have mounted a push for a Group of 7 meeting that would be devoted to finding means to stabilize the U.S. dollar on the world's currency markets, but the former chairman of the President's Council of Economic Advisers, Harvard economics Prof. Martin Feldstein, is adamantly opposed to any defense of the U.S. currency's value.

Feldstein, in a commentary in the Dec. 1 *Wall Street Journal*, "Budget Card Tricks and Dollar Levitation," called the \$30 billion budget cut recently agreed to between the White House and Congress a farce, since only about one-half that amount will actually be cut.

The budget package "contains so many phony savings," he stated, that it will give the Europeans an excuse to try to "cajole the

U.S. into a new G-7 accord to stabilize the dollar by pushing up U.S. interest rates." This, in turn, would threaten the American "recovery," he asserted.

The Europeans, he also asserted, are only interested in stabilizing the dollar so that the United States will not cut further into their markets.

What "recovery" he was talking about never became clear. Moreover, since the United States no longer produces anything appreciable to export, what markets the United States is cutting into with its falling dollar value also never became clear.

'The Trust'

German Trilateroid facing bankruptcy

One of Germany's most powerful business figures is facing rapid loss of the power he has enjoyed throughout much of the postwar period.

Otto Wolff von Amerongen, a leading German member of David Rockefeller's Trilateral Commission and a key figure in those East-West financial-political arrangements dubbed "The Trust" by Soviet intelligence officials, is facing both a corporate bankruptcy and personal scandal.

The Otto Wolff Corp. has run into very deep trouble and will probably soon file for what is called a Chapter 11 bankruptcy in the United States—protection from creditors during reorganization. The company's troubles began when banks, in the wake of the recent stock market crashes, withdrew earlier commitments to stabilize a bankrupt subsidiary, Bremen Weserhuetten.

On the personal side, Otto Wolff is said to be ill, and it was recently announced that he would not seek another term as president of the German Industry and Trade Association (DIHT), a post he has held for many years. He is known to have lost much of his popularity with German industrialists—in part because he is too pro-Soviet.

Finally, a court in Cologne has fined Otto Wolff 600,000 deutschemarks, after finding him guilty of illegal financial contributions to the pro-Soviet Free Democratic Party, and of tax evasion in an amount between 1 and 2 million deutschemarks.

Briefly

● **DOCTORS** at the All-India Institute of Medical Sciences have isolated the AIDS virus from blood-samples of Indians for the first time.

● **SUDDEN DEATHS** have hit the ranks of leading German business figures. On the evening of Nov. 27, Gerhard Burk, 61, co-chairman of Deutsche Bank and president of the Baden-Württemberg Stock Exchange, was stabbed in the stomach with a hunting knife by his former lover. On Nov. 22, Armin Gutowski, 57, longtime director of the Hamburg World Economic Studies Institute (HWWA), died of a heart attack.

● **FEDERAL AVIATION** Administration officials have issued a report siding with Eastern Airlines' employees' charges that the company has routinely employed equipment that does not meet safety standards. Eastern has put off needed maintenance and exerted "subtle pressures" on flight crews not to record equipment malfunctions. This practice "could be considered a safety hazard," the FAA report said.

● **THREE PATIENTS** have died from illnesses caused by the HIV-II virus in West Germany; 23 others are known to be infected with this AIDS-type virus. Lutz Guerler, head of the laboratory at the Max von Pettenkofer Institut in Munich, stated that the AIDS test in use today reacts to HIV-I antibodies, but does not react to the antibodies to HIV-II.

● **ALAN GARCIA**, the President of Peru, was "the great winner" at the Acapulco summit of Ibero-American presidents, argues Brazil's *O Estado* newspaper. "It was he who established the system in which only that [foreign debt] is paid which can be paid, in which the debtor determines the value that is indispensable to retain to assure a sustained development." The summit, said the paper, made this practically a matter of international law.