Business Briefs

Medicine

Anti-oxidant AIDS theory tested

A group of doctors at Stanford University Medical Center has begun clinical trials on 32 AIDS patients in San Francisco, to test their hypothesis about why the body loses thymus (T) cell function during the deteriorative process of clinical AIDS, the May 3 *New York Times* reported.

Their hypothesis is that a sudden inflammatory process generated by the early stage of infection with HIV leads to the production of excessive free radicals. These free radicals are removed from the T-cells by glutathione, which is ordinarily present inside the cells in a plentiful supply. However, as the immune system produces more and more messenger signals, triggering the production of still more free radicals, the supply of glutathione becomes depleted. Once the supply of glutathione drops, the T-cells no longer respond normally, triggering abnormally poor immune function, hyperreactivity to the immune system's own chemical messengers, and, eventually, cell death.

Doctors have ascertained that AIDS patients have diminished levels of glutathione, and will be giving AIDS patients N-acetylcysteine, a precursor chemical from which glutathione is made.

Space

Peenemünde proposed as new launch base

A project to turn the scientific research facilities at Peenemünde, Germany into a new base for space launches has been proposed in a U.S.-German initiative. The plan was inspired by the American space-technology entrepreneur and NASA supplier Roger Coleman and Christian Schwarz-Schilling, the former German postal affairs minister who is now working for the German branch of Motorola Corp.

Space rockets for orbital missions, as well as supersonic airliners could be launched from the site, since the original 1940s landing strips are still there and could be put back in shape.

The initiative has strong local support, because of the expectation that a large number of jobs would be created. The location is qualified for serving as a German or continental European complement to the U.S.'s Cape Kennedy and France's Kourou (Guyana) bases.

Trade

Reform EU against free marketeers, says Allais

Nobel Prize-winning economist Maurice Allais presented an alternative to the "institutional perversions of free marketeering and monetarism" in the European Union (EU), in the Paris daily *Le Figaro* in early May. Although Allais does not think supranationalism can be avoided entirely, he suggests minimizing its influence by forming institutions run by elected officials.

Allais proposes to replace the EU with a European Political Authority, having only those powers conferred on it by a European Charter to be adopted by referendum in the member states. Officials running the authority would be designated by national parliaments and would work closely with them in a new entity, the European Senate. This Senate, plus the European Parliament, would constitute the two main chambers of the new Europe.

Among the reforms to be carried out by these new entities will be the return to the "community preference" which has been "little by little abandoned in an insidious manner and without any debate." Not to do this would force Europe inevitably into "a considerable increase of social inequalities or major unemployment; and, in the long term, sooner or later . . . a social explosion resulting from an unbearable social situation," Allais warned.

Allais attacked the idea that Europe's current economic problems are caused by Third World competition. "It is not those countries which are responsible for the perverse consequences of unbridled liberalism, but the institutional framework of the present international trade system," he said. While practicing a moderate form of protectionism, Europe must liberate trade within its borders. Allais proposes to reestablish the community preference not so much through a system of tariffs, but by auctioning import licenses. Inside the community, a percentage of products would be earmarked for national production, but no government subsidies would be granted to companies in order to maintain "fair play" toward competition.

Demographics

Europe needs 20 million immigrants by year 2020

The European Union will need 28 million immigrants by the year 2020 to bolster the work force, which is being shrunk by "population developments," i.e., declining birth rates and rising life expectancy, a study released in April by the Institute of German Business reported.

Without immigration from other countries, the EU's population will decline by 11 million by 2020, to a total of 333 million; if the proportion of the working population does not change, the total work force will shrink by 13 million, to 144 million people. Only Ireland will have an increase in people of working age, but Ireland suffers from serious emigration to the United States and the United Kingdom.

It will not be possible to close the demographic gap by bringing more women into the work force, shortening vocational training, or increasing the age of retirement.

Employment

Jobless figures rising in Germany

The only "upswing" that is visible in Germany is the increase of jobless figures. Examples include:

• The Opel Rüsselsheim plant (General Motors) announced its intention on May 3 to fire another 2,000 workers in addition to the 2,000 that were scheduled to be "phased out" this year. This means that about 8% of the company's work force will lose their jobs in 1994.

- After the pullout of the ailing Italian steel producer RIVA from a planned big investment at the east German EKO steel plant, the future of about 2,000 steel workers there is uncertain.
- The German state railway confirmed its intention to stick to plans for laying off and "voluntary early retirement" of 35,000 workers and employees, at a press conference in Frankfurt on May 3.
- After the pullout of the last potential investor from the takeover project at the ORWO filmmaking plant in Wolfen, Saxony-Anhalt, 2,200 jobs there are in jeopardy. In 1990, there were still 17,500 workers at this plant.

Meanwhile, the official forecast for the government's chief economic advisory board (the so-called "five wise men") for 1994, is that 400,000 jobs in the western and 70,000 in the eastern states will be lost, irrespective of how the "upswing" develops.

Africa

Algeria now facing 'IMF terrorism'

"After the terrorism of the Islamists, we are now victims of the terrorism of the International Monetary Fund," an Algerian economist told the Paris daily *Le Figaro* on May 3. The conditions imposed by the IMF "are going to provoke a social explosion" in the country, he warned.

The IMF is decimating Algeria. First, Algeria has a $26 billion foreign debt, and is supposed to pay $9.5 billion per year to service that debt. With the collapse of the price of oil (its only significant export), export revenues are expected to be only $8.5 billion.

Yet simply to survive this year, Algeria must import 3 million tons of wheat, costing $780 million; 400,000 tons of milk, $560 million; 950,000 tons of sugar, $320 million; 400,000 tons of cooking oil, $200 million; and so on. In addition, the nation needs $500 million for imports of medicine, and $6 billion in spare parts to keep industry going.

According to the paper, simply to "vegetate at a zero-growth level, Algeria would need $10 billion this year."

The IMF agreement of April 1994 nominally eases the debt repayment burden, in exchange for imposition of IMF conditionalities that will be devastating. The IMF is demanding a devaluation of the Algerian dinar of over 40%, a rise in the interest rate from 17% to 25%, liberalization of imports, and more. "This could bring about the laying off of 1.5 million workers, in a country which already has 30% unemployment," the paper noted.

Less than 15 days after the signing of the accord with the IMF, "the Algerians are already terrified by its consequences." Prices on many basic foodstuffs have risen by 50%. Salaries are totally inadequate to buy food at these prices (and one wage earner must feed at least seven other people).

The authorities have made the situation worse by retracting promises to exempt basic medicines and necessities such as sugar from price rises, and promised unemployment benefits are being withheld. Making matters yet worse, a few richer Algerians have been able to make enormous profits by short-term speculation on the dinar/French franc rate, and have used the gains to sell contraband trade at extortionist prices.

Food Supply

CIS republics facing shortages

The food crisis in the Community of Independent States republics of Armenia, Azerbaijan, Georgia, Tajikistan, and Kyrgyzstan requires $75 million to cover shortfalls for the next year, the U.N. World Food Program reported on May 4.

"War, civil strife, and deteriorating economic conditions in five republics of the former Soviet Union have left 2.3 million people most at risk and in need of critical humanitarian assistance," World Food Program spokesman Paul Mitchell said.

Spokesmen for the agency said the situation was deteriorating on a daily basis, and quick and decisive action was needed in order to avoid "a larger and a more difficult tragedy in the near future."

Briefly

- **JACQUES CHIRAC** and Philippe Séguin, the presidential candidate of the French RPR party and the president of the French National Assembly, respectively, called for making employment the "absolute priority" of economic policy. Abandoning the strong franc indicates that the Maastricht Treaty "no longer exists as the bible" of economic policy, according to *Le Monde*.

- **A TUNNEL** under the English Channel was opened on April 29, crowning six years of construction work. The idea for the tunnel was first suggested in 1751 by French engineer Nicolas Desmarets.

- **A VACCINE** for hepatitis A has been proven effective in a trial on 19,000 children in Thailand, the May 4 *Wall Street Journal* reported. Hepatitis A is spread by contaminated food and water.

- **BANKERS TRUST** New York Corp. was downgraded by Standard and Poor's on May 5 to a credit rating of AA− from AA, affecting $5.6 billion in outstanding debt. It was "a symbolic warning shot . . . about the bank's aggressive operations in the trading business," AP reported.

- **500,000 JOBS** in the European steel industry have to be cut by the year 2000, along with 36% of the raw steelmaking capacity in the former Soviet Union and 15% in central Europe, because of "overcapacity," a World Bank-backed study by the British engineering consultancy W.S. Atkins International claims.

- **CHINA** has decided to lift electricity price controls, in the hope that it will encourage foreign investment in the energy industry and alleviate power shortages, *China Daily* reported May 5. According to Minister of Power Industry Shi Dazhen, the goal is to raise $25 billion to import generators with a capacity of 45 million kilowatts.