

Business Briefs

Debt

Pope urges relief for poorer nations

Pope John Paul II proposed that the international debt burden on poorer nations be greatly reduced or canceled in the year 2000, on the anniversary of Christ's birth, in an apostolic letter entitled "Tertio Millennio Adveniente" ("As the Third Millennium Draws Near"). The letter was released by the Vatican on Nov. 14, the Nov. 17 *Arlington Catholic Herald* of Virginia reported.

The paper noted that a jubilee or holy year should be a period of spiritual development, but that jubilees in the Old Testament also had a social justice aspect, through land redistribution decrees and offering new possibilities to the poor. "Perhaps it was awareness of this tradition that prompted a remarkable papal suggestion in the final pages of his letter: that in the year 2000, the international debt that burdens poorer countries be greatly reduced or canceled outright."

The pope also referred twice in recent months to the right of poor nations to have access to nuclear power.

Finance

Dark cloud hanging over Goldman Sachs

Rumors that the investment firm Goldman Sachs is in financial trouble and is seeking a loan surfaced in financial markets on Nov. 17, and "while the firm is not seen in immediate financial danger," it does need outside capital, Reuters reported on Nov. 18. The firm recently laid off 40 investment bankers, has lost some of its more prominent partners, and as many as 30 partners are expected to retire in the near-term. As these partners retire and cash out their shares in the firm, as much as \$400 million could be pulled out over the next five years.

Goldman Sachs suffered "staggering losses" on aggressive trading due to the increase in interest rates. The firm's pre-tax profits this year are expected to plunge about 80% to \$400-600 million, sources say.

"There is just a black cloud over the firm," one 10-year veteran said a few days before he was laid off in November. "It's extremely unusual. There was always the hope and expectation of things getting better very shortly."

Italy

Infrastructure could have limited flood damage

Adequate infrastructure could have limited the flood damage in northern Italy in the first week in November, the worst ever this century, say experts at the Italian Agriculture Ministry. More than 60 persons were killed and the economic damage so far is estimated at \$12.5 billion. Thousands of people are homeless and 400,000 hectares of agricultural land have been destroyed.

The cause of the flooding, which hit Piedmont, Liguria, and the Po region down to Ravenna especially hard, is the combination of heavy precipitation and hot winds which kept it from falling as snow in the Alps. In two days, these areas received double their average annual rainfall.

The river system does not have adequate infrastructure. The Po, for example, the big-gestriver in Italy, can accommodate water levels up to 6-7 meters above normal. But once every 50 years, that level is surpassed. This time, the main damage was done by the Po's tributaries, which, because of environmentalist obstruction and budget cuts, underwent no maintenance in the last 20 years.

Agricultural infrastructure such as irrigation channels, aqueducts, and farm roads has been mostly wiped out in the affected areas. The corn crop was destroyed, and a large part of seeds and forage stocks are now underwater and will rot. Cattle stocks have been devastated; those which survived are going to be hit by sicknesses. Vineyards were spared, because they are on hills, but many wine cellars have been flooded, causing incalculable damage. Big producers will survive, but small ones have been knocked out. Roads, railways, industrial equipment, and homes have been damaged by mudslides and the flooding.

The Berlusconi government has declared a state of emergency in Piedmont and Liguria,

and announced an initial \$1.9 billion for reconstruction. Priority has been given to infrastructure, housing, and private property. But Berlusconi is caught in a dilemma, because his fiscal austerity policy prevents him from budgeting major funds.

Infrastructure

Baltic dam would supply fresh water

A private group has formed to push for construction of a dam across Bottenviken, the northern bay of the Baltic Sea, just north of the cities Umea, Sweden and Vasa, Finland, which would create the biggest freshwater reserve in Europe.

The group is now starting a two-year feasibility study, but it estimates that the dam could be built at cost of \$2 billion by 10,000 people over 20 years using the slag from nearby mines.

The dam would raise the water level a few tens of meters; it would then take five years to flush out the salt water. The freshwater supply per year would be 100 billion cubic meters from 61 rivers which flow into the area. The water could be exported by tankers or pipeline. The dam could also be used for road and railway links, and for a gas pipeline.

Medicine

American scientists advance AIDS research

U.S. scientists at the University of Pennsylvania in Philadelphia have made a significant step in advancing research against AIDS, according to their German colleagues, German newspapers reported in mid-November. The researchers' findings were published in the Nov. 11 issue of *Science* magazine.

The researchers found that a special albumen, which is produced by the human immunodeficiency virus, plays a major role in the outbreak of AIDS. This "virus-associated protein" seems to waken "sleeping" viruses,

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which leads from the infectious state of the patient to the full-blown outbreak of the disease.

The discovery is a new possible starting point in the development of new drugs, said AIDS specialist Professor Kurth, from the Paul Ehrlich Institute in Langen, Germany.

The magnitude of the AIDS threat was underscored by Myo Thant of the Asian Development Bank in Manila, who said recently that economic growth in Asia will come to an end in a few years as a result of the spread of AIDS. According to World Health Organization estimates, in South and Southeast Asia 2.5 million people have been infected so far. If this trend continues, by the year 2000, ten million people would carry the virus. Other estimates are that 30 million people will be infected by the year 2000.

Health

Gap between eastern and western Europe growing

The discrepancy in health care between eastern and western Europe is growing, according to "Health in Europe," a study of the World Health Organization (WHO) which will be presented in December at the European Health Ministers Conference in Copenhagen.

The average life expectancy is 75.6 years in western Europe, but only 69.6 years in eastern Europe. While someone in Ireland can expect to live to 80, a person from Russia can only hope to reach 58 years of age. Part of the reason for this difference is the higher death rate of patients with heart diseases and cancer in eastern countries. Bad nutrition and insufficient medical supplies also play a major role.

Additionally, infant mortality rates, deaths of mothers while giving birth and postpartum, accidents, war, murder, and suicides contribute to the differences. While infant mortality in western and northern Europe is 5-8 deaths per 1,000 births, the rate in Turkmenistan is 45 and in Tajikistan 40. The deaths of mothers in or after giving birth in Greece, for example, is 3 per 100,000, while more than 60 die in Kyrgyzstan.

In parts of eastern Europe the health system has already collapsed, according to Bulgarian epidemiologist Anatoli Nossikov of the

WHO Center for Europe in Copenhagen. There is a lack of money, medicine, and medical equipment which has led to severe problems in the prevention and treatment of diseases, he said. There has been a big increase in infectious diseases, and sicknesses which were thought to have been conquered, such as diphtheria, are now back. "The future of the health system in eastern Europe depends on the recovery of the economic system," Nossikov said.

According to the report, the situation is most problematic in the Central Asian Republics of the former Soviet Union. Health standards there have regressed to those of the 1950s. More than 100 million people still have no access to clean drinking water, and even more are suffering from poor or inadequate treatment of sewage.

Germany

Unesco plans jeopardize Elbe waterway projects

Plans by Unesco for a "bio-reservation" area encompassing stretches of the Elbe River in Germany between the cities of Wittenberg and Schönebeck in the state of Saxony-Anhalt, are putting various waterway projects in jeopardy. Germany's inland shipping association, the transportation workers union, and transportation experts are lobbying the Ministry of Public Transportation for the go-ahead for projects which would deepen the river and make it navigable for Euro-barges (2,450 tons) for 95% of the year.

The project would enable the Elbe, which is Germany's second largest river, to handle industrial and commercial traffic from the German North Sea port of Hamburg, to Prague, the Czech Republic, via the Moldau River.

The Unesco plan is also threatening the area around Bitterfeld, where chemical industries were dismantled after reunification in 1990, which would benefit from the reconstruction through development of new industries.

The Halle-based Institute of Ecological Economics and the Natural Protection Association of Germany are two ecological institutions working to stop the projects.

● **FINLAND** will build a 580-kilometer four-lane highway from Abo, Finland to St. Petersburg, Russia. The European Bank for Reconstruction and Development has given a loan of \$94 million, and the European Union will contribute to the project, which will cost \$600 million and be completed in 2010.

● **PAKISTAN** is discussing building a railroad through western Afghanistan to open Central Asian trade to the Indian Ocean, the *International Herald Tribune* reported on Nov. 19. It is also expected to spend \$300 million to upgrade the highway through the region.

● **INDONESIA'S** state-run oil company signed a deal on Nov. 16 with Esso Indonesia, a unit of Exxon Corp., for an offshore natural gas project in which U.S. investment could total \$40 billion. U.S. Commerce Secretary Ron Brown called it "the largest project of its type in history." The Natuna Sea Project in the South China Sea is expected to produce 15 million metric tons of liquefied natural gas annually.

● **ONE MILLION** people demonstrated in Rome on Nov. 12 to protest against about \$6 billion in government cuts in pensions. Opposition leaders announced that they will oppose the cuts in the parliament.

● **THE QUEEN** of England backed the construction of a high-speed rail link from the Channel tunnel to London, one of 13 new initiatives outlined in her address to the British Parliament on Nov. 16. Both her royal consort, Prince Philip, and her son, Prince Charles, are opponents of the project.

● **ROCKEFELLER** Center Group, which is controlled by Mitsubishi, has experienced "significant cash shortfalls" which "raise substantial doubt about the borrower's ability to continue as a going concern," Rockefeller Center Properties, Inc. said in a filing with the Securities and Exchange Commission on Nov. 16.