

Business Briefs

Space

Canadian firm to build African station

Spar Aero-Space Ltd. of Montreal is to build a new satellite-Earth station in Zambia to improve telecommunications in the region and reduce dependence on South Africa, Canadian diplomats said on June 19.

The contract is worth \$7.8 million; the Canadian government will provide \$500,000, and the Zambian government will provide the remainder.

Spar will build the satellite dish near an existing one, about 20 miles west of Lusaka. The new dish will be pointed over the Atlantic Ocean, to improve communications with North America. The present dish is aimed at the Indian Ocean.

Botswana, Mozambique, and Tanzania, as well as Zambia, are expected to benefit from the new station, which is to be built as part of plans by the South African Development Coordination Conference (SADCC) to make Zambia a regional telecommunications center.

The new installation is targeted for completion by the end of 1987.

Usury

Tanzania yields to creditor demands

Tanzania has bowed to the International Monetary Fund, and has set about overhauling its state-controlled economy.

Finance Minister Cleopa Msuya announced the annual budget on June 20, calling the move an olive branch toward international financial institutions that had refused more funds for Tanzania's virtually bankrupt economy. The institutions had demanded evidence that the government was willing to restructure the economy in favor of cash-crop producers and farmers.

During the week of June 9 in Paris, agreements in principle were reached with the IMF for a standby credit, and with other institutions for grants and loans totaling \$800

million, in exchange for the reforms. Msuya announced a new devaluation of the currency, completing a slow-motion devaluation of more than 57% since March.

The reforms also included large increases in food prices, increased interest rates for bank deposits, the introduction of school fees for the first time, and an increase in taxes on gasoline, cigarettes, and beer.

The government also announced new cost-of-living allowances for state employees, pending a major salary review in December.

International Credit

World Bank boosted at bankers' conference

The Overseas Development Council held a two-day conference in Washington, D.C. on June 23-24 on the subject, the "Future of the World Bank," in order to retool that institution into a "softer" version of the International Monetary Fund, in step with the so-called Baker Plan.

"The World Bank can be a coordinator of global capital flow; a mediator of political and economic differences between North and South; and a stabilizer in the global economy; and the leading intellectual center for thinking about development," ODC Vice-President Richard Feinberg stated. On June 24, the ODC released a study titled, "Between Two Worlds: The World Bank's Next Decade," in which they make five proposals to strengthen the "now flagging" Baker Plan—which proposed slightly increased credit to debtor nations in return for their selling their countries to "private investors."

Speakers at the ODC conference included: David Rockefeller, Paul Volcker, Katharine Graham, Helmut Schmidt, Felix Rohatyn, and Mexican Under-Secretary of Finance Francisco Suarez Davila, who filled in for the recently deposed finance minister Jesus Silva Herzog.

Felix Rohatyn demanded that Japan "commit \$50 billion over the next five years" to the capital of the World Bank, and further recommended that the World Bank help to "develop an approach, on a country-to-

country basis" which would include: interest-rate relief; new government guarantees, or new securities in exchange for interest-rate reductions and maturity stretch-outs.

Former West German Chancellor Helmut Schmidt warned: "There can be no doubt at all that the credits to the Third World will never be paid back, can never be paid back"; not even the interest "can be paid back as expected."

Agriculture

FmHA now owns over 1 million acres

The U.S. Farmers Home Administration (FmHA) now owns 1.2 million acres of farmland taken over from failed operations—an area larger than Rhode Island—and could take over five times that much land by the end of 1987.

The General Accounting Office criticized the FmHA for allowing farmers who lease land to grow crops held in surplus while government policies try to keep the surpluses under control. The GAO said that the agency's land inventory would be greater, were it not for its liberal lending policies from 1982 to 1985 and a two-year court-imposed moratorium on foreclosures, lifted last November.

As of March 31, FmHA owned 4,075 properties, worth \$715 million. FmHA officials predicted the FmHA "could become the largest holder of farmland in America, with inventory properties doubling during 1986 and 1987 to a total of 20,000 farms."

Pandemics

Vast African AIDS crisis confirmed

The full dimensions of the worldwide pandemic, Acquired Immune Deficiency Syndrome, were revealed at the June 23-25 Sec-

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ond International AIDS Conference in Paris, attended by 2,500 doctors and scientists.

Bila Kapita, the head of the Infectious Disease Center at Zaire's Kinshasa General Hospital, reported that 6% of the African population has been infected by the virus, and that an additional 1% is being infected every year. Those infected—half women and half men—did not come from a drug-abuse community.

Since the African population is in the range of 500 million people, these latest reports would put the total number of Africans *already* infected with the disease, almost certainly 100% lethal, at nearly 30 million. Thus, the estimates presented at the Paris conference fully confirm the estimates previously published by *EIR*.

Kapita reported that eastern and southern Africa are hardest hit, with 18-23% of the population infected, compared to 4-6% in Central and Western Africa. He stated: "AIDS is striking more and more people every year, and the number of infections, illnesses, and deaths is multiplying at a precocious rate. For Africa in general and Zaire in particular, we can say there is a hidden epidemic under way."

Kapita reported that African AIDS victims do not belong to any of the World Health Organization's or Atlanta Centers for Disease Control's so-called risk groups—homosexuals, intravenous drug users, recipients of blood transfusions, or babies of AIDS mothers. African AIDS victims come from all social groups. Most are young and urban dwellers, with the majority of women single and most male victims married.

Another study in Nairobi showed that nearly 60% of the prostitutes are infected with AIDS—up dramatically from 4% in 1981.

Debt Bomb

Peru to make only 'symbolic payment'

Peru will make only a symbolic payment to the IMF in August, a finance ministry official told the Peruvian daily *La Republica* in late June.

The IMF had given Peru an ultimatum to pay all \$140 million in arrears by August, but the decline in the prices of oil and minerals has cost Peru another \$400 million in export earnings. Its payment will be reduced accordingly.

The government's position was confirmed by Prime Minister Alva Castro; in a speech to a conference of the Socialist International in Lima on June 24, he said that, were Peru to make the interest payment demanded by the IMF, "that payment alone would be equal to 7% of our expected exports of goods and services in 1986."

Alva Castro also said that "old debt" should have interest rates of only 1-2%, while debts incurred in the future could be set at commercial rates.

Asia

Filipino negotiations with IMF continue

The Philippines is negotiating with the International Monetary Fund to limit its foreign debt repayments to 20-25% of its export income, Trade Minister José Concepcion said June 19.

Concepcion told a news conference in Manila that current debt repayments were at \$2.6 billion a year on a total foreign debt of \$26 billion. "We need to get it down to \$1.3-1.5 billion," he said. "We are in no position to pay the current debt where we are going to allocate 50% of export earnings."

The next stage of the negotiations will take place in July when an IMF team visits Manila.

Concepcion said that negotiations were also under way with Western and Japanese banks, to capitalize 50% of interest payments, and he was confident that those would be successful, even though U.S. banks found the idea "difficult." Concepcion added that the Philippines would seek fresh loans to help repay the other half of the interest on current loans. He will meet with executives of American Express in late June to discuss its purchase of 40% of Manila's Inter-Bank for \$17 million.

● **'IN TWENTY YEARS**, Niger will cease to exist and will disappear from the map," Niger's President Kouentche declared as he arrived in Paris on June 23. He warned that his country was unable to deal with the continuous advance of the Sahara Desert, and the collapse of the country's agricultural resources.

● **BANK OF ENGLAND** officials are worried over U.S. Sen. Jesse Helms's attacks on Mexico. A well-informed Bank of England source, speaking privately, declared that the recent tirades of Senator Helms against the government of President Miguel de la Madrid, "are not helping matters at all. They are only serving to fuel an intransigent nationalism inside Mexico, which we do not need at this moment."

● **BRITAIN** was awarded \$14.3 million in SDI contracts by the United States on June 24, including \$10 million to work on a plan to protect Western Europe from attacking nuclear missiles. The deal was signed by visiting British Defense Minister Younger and Defense Secretary Weinberger. In addition, Culham Laboratories, Abingdon, Oxfordshire, received \$4.3 million for research on particle-beam weapons.

● **JAPAN'S NISSAN** firm has put forward a policy of converting Mexican debt into investment. According to *Neue Zürcher Zeitung* on June 26, Nissan has agreed to convert the debt owed by Mexico to the firm into investment credits for building a factory to be constructed entirely by Mexicans.

● **MEXICAN** National Polytechnic Institute students have designed a type of telescope that is more effective and less expensive than those built in the Soviet Union and the United States. The FA-8 telescope uses a concave mirror to focus light toward a series of reflected mirrors. Its cost is only \$80. A comparable U.S. telescope costs \$1,000.