

Business Briefs

IMF

West German firms say IMF ruining business

The directors of eight West German industrial firms in Egypt charged the International Monetary Fund with ruining their business, in a meeting in Cairo with Hans-Jochen Vogel, the party chairman of the West German Social Democrats, who toured the Middle East in the second week of April.

The industrial managers, which included the firms AEG, Kloeckner, Hoechst, and Daimler-Benz, told Vogel that they would like to see Bonn follow the governments of Italy and Japan in taking the side of their industries against the IMF's request for conditionalities against Third World countries they do business with. Meeting the IMF demands, which the German managers called "too tough," would ruin options for industrial contracts for the future at a moment when small and mid-sized firms in the Egyptian economy are beginning to recover after a period of decline.

The German managers also called on Bonn to break the IMF's credit ban on Egypt and reissue the government's Hermes export insurance for West German companies planning to invest in Egypt.

Housing

Environmentalism costs home ownership

Saving the spotted owl will squeeze 65,000 households out of new home ownership because of the increased costs of lumber used in home construction, according to an analysis done by the American Forest Resource Alliance and the National Association of Home Builders.

Restrictions on logging imposed by the U.S. Forest Service caused harvests to drop almost 3 billion board-feet from 1988 to 1989—enough to build 270,000 homes—which drove lumber prices up 20%. Restrictions to protect the spotted owl will drive prices up another 20%. Since wood products account for 7% of the sales price of a new home, the

cost of a \$120,000 home would go up another \$1,680. A potential home buyer would need an additional annual income of \$570, for a total income of \$46,500, to qualify for a 30-year home mortgage with 10% down, forcing 65,000 home buyers out of the market. Frances Hunt of the National Wildlife Federation claimed the increase was only \$13 a month on a 30-year home loan, which she said is "peanuts."

Mark Rey of AFRA noted that the increase most affects those least able to afford it. "We are in need of a different public policy balance when we are squeezing 65,000 families out of affordable housing to provide \$95 million bird houses for spotted owls," the loss from not processing the timber, he said.

Medicine

Spinal cord injury treatment shows promise

A breakthrough in the treatment of spinal cord injuries shows promise in the recovery and improvement from acute paralysis, according to the National Institute of Neurological Disorders and Stroke which announced the results of a national study in early April.

Patients who received the drug methylprednisolone within eight hours of a spinal cord injury recovered more motor and sensory function than those patients who received a different drug. The study is the first to demonstrate positive results from treatment of acute spinal cord injury.

At least 10,000 Americans suffer acute spinal cord injury every year, causing complete paralysis below the neck or waist. The treatment holds enormous potential for brain injuries as well, since the drug prevents the swelling of the tissue after the trauma, which is what causes cell and tissue degeneration and subsequent nerve damage and paralysis.

Dr. Michael Bracken of the Yale University Medical School and coordinator of the study, said the treatment could allow those who would otherwise be confined to a wheelchair for life to use crutches, and those facing total paralysis to retain the use of their hands—all for a 24-hour course of treatment costing about \$300. The annual cost of medical treat-

ment for spinal cord injury is about \$4 billion, and another \$4 billion is lost in earnings.

Debt

Developing nations to seek common position

The leaders of 15 developing sector nations will attempt to forge a common platform on world debt and trade, Malaysian Foreign Minister Abu Hassan Omar told a news conference April 9.

Abu Hassan said the 15 leaders meeting from June 1-3 in the Malaysian capital of Kuala Lumpur hoped to show the Group of Seven industrialized nations that they could reach broad agreement on key economic issues.

The 15 include Algeria, Argentina, Egypt, India, Indonesia, Jamaica, Malaysia, Nigeria, Peru, Senegal, Venezuela, Yugoslavia, and Zimbabwe, the 13 members of the Non-Aligned Movement that agreed last September in Yugoslavia to form such a group. The other two members are Brazil and Mexico.

"If we can cooperate, then we can become a useful forum to tell the North that we can work together, so treat us on equal footing," Abu Hassan said.

AIDS

French researchers stop AIDS from reproducing

French researchers said on April 7 that they had succeeded in stopping the AIDS virus from reproducing in a human cell, bringing science a step closer to preventing the deadly disease from taking hold in the human body, Reuters reported.

Professor Jean-Claude Chermann, a researcher at the National Institute of Health and Medical Research in Marseille, announced that his team had found an antibody that prevents the virus from replicating when it enters a healthy human cell. The *in vitro* results of the research showed an antibody could inhibit a vital signal which allows the virus to latch on

to the genetic material of a healthy cell and reproduce.

"By blocking the signal with the antibody anti-B2 microglobulin, we have established a significant delay in the replication of the virus, and even its inhibition inside the lymphocyte," a statement by Chermann's group said. "If we find the signal that opens the trap, I think we will have an important therapeutic target. It would be a major contribution to the fight against AIDS."

Investment

Thai banks told to halt unproductive lending

Commercial banks in Thailand have been instructed to stop extending loans to non-productive sectors, Finance Minister Pramuel Sabhavasud said April 2. Lending activities which are classified as non-productive include commercial bank loans for land or stock market speculation, and developing luxury condominiums or golf courses.

The order flies in the face of monetarist policies which make no such distinctions between productive- and non-productive.

In a related development, Pramuel said he was trying to help low-income home buyers from being affected by the lending rate ceiling for banks. "I've instructed the Revenue Department to study the possibility of allowing small-income housing buyers to use additional interest burdens as deductible expenses when filing their personal income tax return."

Space

Pegasus space booster launched successfully

The Pegasus space booster rocket was released from under the wing of a B-52 at 40,000 feet on April 5, which, after going through three stages, inserted a satellite into a polar orbit at about 290 miles above the Earth. The flight data from the mission will help in the design of future hypersonic aircraft such as the X-30

National Aerospace Plane.

Pegasus has a delta wing and control fins on its first stage for aerodynamic flight. When the first stage rocket motor burns out, the vehicle is traveling at mach 8. The low-cost space booster is 49 feet long, has a 22-foot wingspan, and weighs 20 tons, about the size of the X-15. It was jointly developed by Orbital Sciences Corp. of Fairfax, Virginia and Hercules Aerospace Co. of Wilmington, Delaware.

The Pentagon's Defense Advanced Research Projects Agency is the first customer and it was their GLOMR data relay satellite that was put into orbit. NASA also sent up a barium chemical release experiment to use in studying the Earth's magnetic field. The cost per launch is less than \$10 million, which is about half that of ground-launched boosters—one-third the cost on a "per pound" basis. This makes it economical for packages up to 900 pounds.

Soviet Economy

First trade deficit since 1975

The Soviet economy suffered a trade deficit of 3.3 billion rubles in 1989, the Communist Party weekly *Ekonomika i Zhizn* (*Economics and Life*) revealed April 8.

The deficit was led by a fall-off in energy exports and a jump in grain imports. Oil exports were down 11.7% from 144.2 million tons in 1988 to 127.3 million tons. Coal exports fell 4.8% from 39.4 to 37.5 million tons. Grain imports swelled 5.7%, from 35 to 37 million tons.

The report blamed the deficit on the collapse in world commodity prices. "In order to compensate for lower oil prices," which "in comparison with 1985 totaled \$73 billion . . . the Soviet Union was selling more raw materials than it did before," it said. But while this was true for average tonnages exported during 1986-1989 compared to 1982-1985, tonnages dropped in absolute terms during 1989.

The government daily *Izvestia* reported that productivity for the first quarter of 1990 was down 1.2% compared with 1989, with the biggest losses in the volatile southern republics of Azerbaijan, Armenia, and Tadjikistan.

Briefly

● **THE NATIONAL DEBT** of the United States surpassed \$3 trillion on April 2, according to the U.S. Treasury. It had reached \$1 trillion in 1916 during World War I, but declined to \$278 billion by the end of World War II.

● **BECHTEL GROUP, Inc.** has been chosen by the U.S.S.R. to build a "technopolis" at the Troitsk Research Center, where the Kurchatov Institute of Atomic Energy is located. The Soviets' goal is to build a center of "entrepreneurial ventures capable of jump-starting the nation's faltering economy," a Bechtel spokesman told the April 9 *Journal of Commerce*.

● **SOUTH KOREAN** business concerns trying to expand exports to the Soviet Union will be hurt by foreign exchange shortages, the April 5 *Korea Times* said. The Korea Trade Promotion Corp. said the U.S.S.R. has defaulted on \$100-500 million since October 1989.

● **IRANIAN** exports of natural gas to the Soviet Union at market prices were scheduled to resume April 9, the Iranian news agency IRNA said, April 6. Gas exports to the Soviet Union stopped in 1980 after Moscow rejected demands for a threefold price increase.

● **THE JAPANESE** Federation of Economic Organizations (Keidanren) president Eishiro Saito said April 1 that the organization is financially supporting the Global Infrastructure Fund which will "seek greening of the Sahara Desert" and construction of a second Panama Canal.

● **ITALIAN PREMIER** Giulio Andreotti told a conference in Parma on April 1 that Italy has adopted a "no-choice" energy policy. "It is shameful that in Italy we see demonstrations against nuclear energy and in the meantime we import energy from France, wasting trillions" of liras, he said.