

# Business Briefs

## Corporatism

### Gorbachov reforms assailed as fascist

Marjorie Brady, deputy director of the Russian Research Foundation in London, attacked Soviet leader Mikhail Gorbachov's so-called reforms, in a commentary, "The Fascist Element in Perestroika," published in the *Wall Street Journal* Oct. 31.

Brady wrote, "The new Soviet economic and social structures are intended to conform to a model other than that of the market. . . . While Mr. Gorbachov wishes to move away from some rigid central controls, he is bent on creating economic structures of a kind that would scarcely find favor with the Austrian or Chicago schools of economic thought. . . . Mr. Gorbachov seeks a 'third way.'

"The closeness of Soviet *perestroika* to the fascist social blueprint of Mussolini was evident when Mr. Gorbachov presented his economic vision to the Soviet Congress," she continued. "Contrary to widespread belief, Mussolini failed to live up to his promise to make the trains run on time; it is doubtful whether Soviet-style corporatism will make Soviet trains run on time, or fill the shops with goods that the consumers so desperately crave."

## Post-Industrial Society

### Sony chairman says U.S. economy lacks substance

Akio Morita, chairman of Japan's Sony Corporation, denounced "post-industrial society" obsessions for undermining productive capabilities and turning the U.S. economy into an "economy without substance," in a new book co-authored with Shintaro Ishihara entitled *A Japan That Can Say No*. Excerpts were published in the Oct. 29 *Sunday Times* of London.

"It has been said that America is entering a so-called post-industrial society, where the weight of the service industry sector is growing, yet when people forget how to produce goods, and that appears to be the case in

America, they will not be able to supply themselves even with their most basic needs. Americans today make money by shuffling it around, instead of creating and producing goods with some actual value.

"I delivered a speech in Chicago entitled 'Ten Minutes versus Ten Years.' I stated that we Japanese plan and develop our business strategies 10 years ahead. When I asked an American money trader, 'How far do you plan?' the reply was '10 minutes'. . . .

"The American economy is, then, an economy without substance. It must return to a real production economy, but a 10-minute profit cycle does not permit companies to invest in long-term development. Business, in my mind, is nothing but 'value added'; we must add value and wisdom to things, and this is what America seems to have forgotten—and this is the most deplorable aspect of America today.

"The collapse of the American economy would cause a worldwide disaster; 1987's Black Monday chilled all nations momentarily, I am not a pessimist, but I cannot help thinking that unless the Bush administration handles economic issues very seriously, a worldwide collapse is not just a worry, but a very real possibility."

## Oil

### Bush signs tough law on offshore drilling

President Bush signed into law tough new restrictions on offshore oil drilling and pre-lease preparations activity that will further undermine the ability to produce oil in the United States.

The measure imposes a moratorium on drilling and exploration off the coasts of California, Massachusetts, an area of the outer shelf stretching along the Mid-Atlantic states, the eastern Gulf of Mexico, and the Florida Keys, until a task force conducts studies on the environmental impact of offshore oil development, which could take months to years.

"Environmental concerns are beginning to have as much influence in oil industry spend-

ing plans as the price of crude does," the *Wall Street Journal* reported Oct. 27. The newspaper cited Franco Reviglio, chairman of Italy's ENI oil company, saying he is looking for sweeping structural change in the oil industry—"he calls it a 'revolution' requiring huge investments—as a result of environmental issues."

I. C. Kerridge, vice president of the Houston-based Baker Hughes Inc., which issues reports on the rig count, said that the slight increase in rigs engaged in the search for oil and gas does not make up for the drop in production. In August 1989, there were 5% more rigs in operation in the United States than in August 1988, thus a small increase in exploration. However, in August 1988, U.S. output averaged 8.079 million barrels per day, compared with only 7.545 million barrels per day in 1989.

## Income

### U.S. national wealth increase slowing

The officially tallied increase in U.S. "national wealth" in the 1980s has been increasing at only one-tenth the per capita rate of the 1970s, according to a Federal Reserve study recently published.

The decline in the rate of increase is staggering, even with the phony figures used by the Fed—and if figures for actual wealth and a real inflation rate were used, there would be a substantial *decline*. In current dollar terms, while U.S. domestic net worth, or national wealth, has increased over 200% in the last 10 years (1978-88), "real" wealth—i.e., deducting for inflation—rose only 18.4% (or only 6.7% per person) versus an 84% increase from 1968-78. Last year alone, the increase in domestic net worth was just 1.4% after inflation, even lower than the 10-year average of 1.9%—versus a 7.1% increase from 1968-78.

At the end of 1988, U.S. assets abroad totaled \$738 billion, versus \$1.3 trillion in foreign-owned assets in the United States. Only five years before, U.S. assets abroad totaled \$575 billion, versus \$503 billion in foreign-

owned assets in the United States. From 1968 to 1978, national assets (adjusted for inflation) rose 82% or 6.9% per year on average; from 1978-88, they rose just 13%, or 1.3% per year on average. Last year, they rose only 0.5%.

## Environment

### Canadian study debunks global warming hoax

A team of Canadian scientists released a study in the Oct. 5 issue of *Nature* magazine which shows that vegetation in northern latitudes is not reacting to any "global warming" trend.

From analyses of tree rings and growth forms of subfossil spruces from northern Canada, the authors discovered that at these high latitudes (where greenhouse warming should be pronounced), the spruce flourished during the previous periods of "global warming," between 1435 and 1570. But today they could detect no reaction from the vegetation to an allegedly warmer world.

Scientist Serge Payette of the Centre d'Études Nordiques at the Université Laval in Quebec records the effect of a series of changes over the past 1,000 years, indicating a period of cool weather (1305-1435), a warm period (1435-1570) and the little ice age (1570-1850). Payette says, "Although recent climatic data indicate sustained global warming during this century, no conclusive evidence of a positive vegetation response to such warming has yet been identified at these exposed tree-line sites."

## Science

### Atoms bound together by light

In a discovery expected to have profound implications for science, researchers at Harvard University and the Rowland Institute have discovered a way light can bind matter into molecules. The scientists formed the "optical mole-

cules" by using a previously unknown interaction detected accidentally while conducting other experiments.

Dr. Jene Golovchenko made the discovery in collaboration with Drs. Michael Burns and Jean-Marc Fournier of the Rowland Institute.

Previously, the only known method of binding matter involved the exchange of electrons between atoms. This gives rise to forces that stabilize the matter in everything from pencils to planets. In the new work, laser light focused on tiny plastic spheres caused them to move toward each other and bond.

In explaining the "binding force," the scientists said the spheres act like miniature antennae that pick up and re-radiate light. This scattered light combines with that coming directly from the laser, giving rise to force fields that bind the small spheres together in space. The length and strength of the bonding was controlled by the intensity and wavelength of the laser. When the light was turned off, the matter returned to its original random motion, which means that light-assembled matter falls apart if an entropic reduction in the energy state occurs. Dr. Golovchenko has been able to maintain structures formed by light by freezing or by certain chemical methods.

## Aerospace

### Indian rocket test successful

A major milestone in India's space effort was crossed Oct. 21 when the giant first stage motor of the Polar Satellite Launch Vehicle (PSLV) underwent a successful ground test in Andhra Pradesh.

The motor, 20 meters long and 2.8 meters in diameter, is the biggest ever designed and fabricated in the country and contains 128 tons of solid propellant. It is the third largest solid booster developed in the world. With this test, all the propulsion modules for the PSLV have undergone successful testing on sea-level beds.

Developed at the Vikram Sarabhai Space Center, the 44.18 meter long PSLV is scheduled for its first launch in early 1991.

# Briefly

● **CITIBANK** has agreed to market "perestroika bonds" for the Soviet Bank for Foreign Economic Affairs, according to the Center for Security Policy in Washington, D.C. The center recommended congressional hearings on the implications of the Soviet move, as well as an intelligence assessment of the national security risks involved.

● **THE DEPRESSION** of 1990 officially began on Friday, Oct. 13, 1989, according to Ravi Batra, professor of economics at Southern Methodist University in Dallas. "A mild shock in the stock market leads to a big bang in the economy," Batra said, adding that the level of debt is higher now than in 1987.

● **BUBONIC PLAGUE** has killed five people in Botswana and 19 others have the disease, the official news agency in Babone reported Oct. 25, according to Reuters.

● **MAURICE ALLAIS**, the French Nobel Prize-winning economist, again warned of an imminent world financial crash in an address in Nice, France. "We can have a new stock market crash at any moment. Speculation could be a good thing if we were in a situation of monetary stability. But presently it is fundamentally destructive," he said.

● **JAPANESE WAGES** are increasing, while those in the U.S. are collapsing, according to a study by the U.S. National Bureau of Economic Research. From 1979 to 1987, earnings of recent high school graduates in Japan increased 13% after inflation, while earnings of those in the U.S. declined 17%.

● **THE FRAUD** in U.S. government statistics was attacked in a commentary in the Oct. 29 *New York Daily News* by Irwin L. Kellner, the chief economist of Manufacturers Hanover, who moans that "constant revisions" in statistics make forecasting and planning difficult.