

Business Briefs

Regulation

Proposal to expand SEC control over markets

The Bush administration intends to shift control of the stock index futures markets from the Commodities Futures Trading Commission (CFTC) to the Securities and Exchange Commission (SEC), which is controlled by the top levels of Wall Street and is headed by Bush man Richard Breeden, as part of securing the apparatus to control financial markets.

Manipulating the futures markets is key to manipulating the Dow Jones Industrial Average. In the words of the May 23 *Wall Street Journal*, Treasury Secretary Nicholas Brady "contends that if the SEC were granted expanded authority, it could better resolve problems between the markets—problems like those that led to the October drops of 1987 and 1989."

The two agencies clashed in their analyses of the relationship between the futures markets and the stock exchanges. A CFTC study concluded that index arbitrage and programmed trading were not significant factors in the October 1987 and October 1989 crashes, whereas the SEC study concluded that they were.

Breeden told a House Subcommittee May 24 that the SEC study provides "support for the administration's proposal that a single regulator should be accountable for overseeing these linked markets," *Investor's Daily* reported May 25.

Infrastructure

Survey finds California highways in worse shape

A survey of 1,254 commuters in southern California, revealed that rush hours are becoming longer, and it takes 10-15 minutes more for people to get to work than it did merely a year ago, the *Los Angeles Times* reported May 26.

The survey, done by the Commuter Computer and the Southern California Association of Governments, found that 28% of the workforce now arrives at work before 7 a.m. and 13% leaves work after 7 p.m. to try to avoid traffic. Since there are more cars on the road

overall, this has extended the rush-hour crush.

Jim Sims, president of Commuter Computer, said, "our system cannot handle the volume of cars and trucks it currently must hold, not to mention the 3 million or so people expected to move here in the next decade." "Highly skilled and trained [workers] have choices. If we don't make the commute tolerable, their choice will be to move out of the state or out of Southern California."

In an attempt to help finance construction of new roads and mass transit facilities, Proposition 111 has been placed on the ballot to increase the state's gasoline tax 5¢ per gallon.

AIDS

Calls for mobilization against TB and AIDS

The World Conference on Lung Health of the American Lung Association held in Boston, Massachusetts, ended on May 26 with an appeal to the World Health Organization, all governments, and non-governmental organizations (NGOs), to face the formidable tuberculosis (TB) and AIDS epidemic that is raging worldwide and especially affecting poorer nations and black minorities in the U.S.

Conference speakers reported that at least 30 million people, mostly young adults, will die of TB in the next 10 years and HIV has made the situation worse. In developing nations, TB is often the way patients learn they have AIDS.

Superconductors

Advances achieved in materials manufacturing

Scientists at the University of Houston have demonstrated a method to continuously manufacture usable-grade higher-temperature superconductor material, they report in the current issue of *Nature* magazine.

The team, led by Paul Chu, announced in February 1987 that they had produced a material which stayed superconducting at 93° Kelvin (0°K is absolute zero), compared to the

4.2°K temperature previously required. Higher-temperature superconductors require less energy to keep cold and will allow more widespread use of this no-energy-loss technology.

The Houston team has used a method of differential temperature zones in the oven heating of the yttrium, barium, copper alloy, and produced a sample which stays superconducting at higher magnetic field strengths than previous processing had allowed. This is crucial, as one of the applications of superconductivity is in magnets for magnetically levitated vehicles, MHD power systems, fusion energy plants, and motors and generators.

Researchers said that the qualities of the material Chu has produced is adequate for using higher-temperature superconductors in radio receivers and transmitters, allowing for increases in instrument sensitivity.

Debt

Zimbabwe's Mugabe attacks IMF policies

President Robert Mugabe of Zimbabwe attacked International Monetary Fund policies toward the developing world and insisted that the developing nations could not sacrifice goals of economic growth over concern about the environment, in a television debate with Czechoslovak President Vaclav Havel and West German President Richard von Weizsäcker aired in late May in Europe.

Mugabe criticized the IMF for demanding "impossible conditions" from debtor nations. "You cannot ask people to give up aspirations which are realities already in the developed world. When you educate people and give them skills, you are educating them so that they can acquire a new life . . . which is related to the world elsewhere," he said.

The U.N. Development Program has similarly issued a comparative assessment of national economies intended as an alternative to the World Bank's annual Development Report, which stresses the importance of "human" factors like life expectancy and literacy over economic factors like GNP. Mahbub ul-Haq, a former finance minister of Pakistan who oversaw preparation of the report, attacked the World Bank for pressing Sri Lanka to cut its social spending from 10% of national

output to 7%, and to cut rice subsidies that had provided a baseline income for poor farmers. The report criticized the shift in the net flow of resources, from a 1981 flow of \$42.6 billion from industrial nations to the Third World, to a net flow of \$32.5 billion from the Third World to the industrial nations by 1988, chiefly due to debt payments.

Perestroika

Deutsche Bank wants Soviet dictatorship

Friedrich-Wilhelm Christians, the head of West Germany's Deutsche Bank, called for the Kremlin to tighten the screws on a restive Soviet population, in an interview with *Der Spiegel* magazine published the week of May 21.

"Freedom has unfortunately often served the criminals," Christians said. "Because the system of order no longer functions, criminality has grown explosively. . . . Gorbachov has realized that he has loosened the reins too far. . . . The freedoms have caused a great deal of confusion. And because that can't go on, pressure again has to be applied from the top. The Russians must be told what they have to do. A network of order must be woven within which the young plants of enterprise economy can sprout."

Hunger

Mass starvation seizes Soviet Turkmenistan

The first grisly details of mass famine in the Soviet Union under Gorbachov have been revealed in a report by the Turkmenistan Health Ministry and reported *molskaya Pravda*.

The paper reported that "every hour in Turkmenistan, a child dies of starvation," and that "many women and children" are dying of hunger. The paper quoted the Health Ministry report: "Such emaciated children were not even to be seen during the Second World War. . . . Many families are going hungry, and in some

cases, especially in families with many children (the norm, and not the exception in Turkmenistan), there are already cases of death from starvation."

The Health Ministry report revealed that even before the famine, 55 of 1,000 Turkmen infants were dying due to malnutrition and disease, and, according to a study by Turkmen scientists, 300 of every 1,000 Turkmen children die before the age of 16. In one region "inspected by scientists" in the past 10 years, no meat, poultry, butter, or dairy products have been sold, and they are also absent from the private markets because 85% of Turkmenistan's farmers have no cattle of their own.

Komsomolskaya Pravda singled out the policy of cotton monoculture which leaves Turkmenistan dependent on the rest of the U.S.S.R. for food supplies which don't arrive, as responsible for the famine.

'Free Enterprise'

Marijuana production in U.S. has tripled

Production of marijuana has tripled in the United States in the past three years and is now a larger cash crop than corn, Douglas Jehl of the *Los Angeles Times* wrote in an article carried in the Virginia Beach, Virginia *Ledger-Star* in mid-May.

According to Jehl, there were over 5,000 tons of U.S.-grown marijuana that reached the U.S. market in 1989, which met 35% of demand and netted more than \$13 billion for the growers. John P. Sutton, director of the Drug Enforcement Administration's cannabis investigations unit, estimated that the street value of the U.S. marijuana was \$20 to \$30 billion.

Jehl detailed how in eastern Kentucky, where one-third of all U.S. pot grown on public lands is grown in the Daniel Boone National Forest, the marijuana traffic has taken over the economy of the entire region, one of the poorest in the U.S. Informants have told prosecutors that 4 of 10 residents in the region are now illegally growing marijuana.

Kentucky, Hawaii, California, Tennessee, and Missouri account for 90% of U.S.-grown marijuana.

Briefly

● **MITSUBISHI Heavy Industries**, NEC Corp., Toshiba Corp., Nissan Motor Co., Mitachi Ltd., and Fujitsu Ltd., formed Rocket Systems Corp., the first Japanese consortium to produce rockets and compete in the satellite-launching business, the May 24 *Journal of Commerce* reported.

● **A CONSORTIUM** to develop the X-30 National Aerospace Plane proposed by General Dynamics, McDonnell Douglas, Rockwell International, Rockwell's Rocketdyne Division, and Pratt & Whitney (United Technologies), has been approved by the Department of Defense and NASA.

● **THE RAILWAY** bridge between the East German mainland and the Baltic island of Rügen was restored in 84 hours May 10-14 by East and West Germans. The cement foundations of the railway bridge, destroyed at the end of World War II, were used for the new segments of the 540-meters-long bridge.

● **THE SOVIET UNION** has granted first-ever oil exploration rights to the French firm Elf Aquitaine in the context of the Soviet cost of oil production increasing 160% over the past decade and warnings of a 25% collapse in oil exports during the 1990s. Elf Aquitaine President Loik Le Floch-Prigent noted the deal was aimed at increasing exports.

● **DOMESTIC FUEL** prices were expected to rise 20% in Indonesia after subsidies were cut May 25, a move strongly recommended by the World Bank. They were the first major price rises since 1986.

● **THE SPACE TELESCOPE**, after the success of its May 20 "first light" image of star cluster NGC 3531 near the galactic equator, was turned to look at an ancient star cluster, NGC 188, very near the North Star. Both targets were chosen for the continuing focusing and alignment of components.