

administration is not listening.

Last November, D. Allan Bromley, director of the White House Office of Science and Technology Policy, announced that the administration would not increase funding to high-technology R&D programs. The only news that wasn't bad, was that the administration said it would not cut Sematech funding. Sematech, the Austin, Texas-based consortium, was formed in 1987 to combine private industry and government to compete in manufacturing semiconductors, particularly DRAMs. However, Sematech funds will not be increased, and the Bush administration has ditched most other industry recommendations for Sematech as well. In April, Craig Fields, head of the Defense Advanced Research Projects Agency (DARPA), was fired. Fields had championed grants to help U.S. companies enter such strategic fields as high-definition television. According to industry analysts, the firing of Fields spells doom for DARPA's program for high-definition systems which are important for both military and commercial applications.

Other efforts to put together "Japanese-style" consortiums have died out. A proposal to create a Consumer Electronics Capital Corp. sank without a trace. CECC was conceived of as a for-profit company, offering billions of dollars in equity investments and low-interest loans using private, state, and local government money. U.S. Memories, launched in June 1989 by seven companies including IBM and Hewlett Packard, fell apart six months later amid bitter accusations that computer makers, such as Hewlett Packard and Apple, were not willing to invest in the industry's future.

A further blow to entrepreneurial activity in Silicon Valley has been the disappearance of U.S. venture capital, the life-blood of fledgling "start-up" electronics companies. Major Japanese corporations have stepped in as an investment source, in return for manufacturing and selling rights outside the United States. However, with the Japanese stock market crash, these investments will not last long.

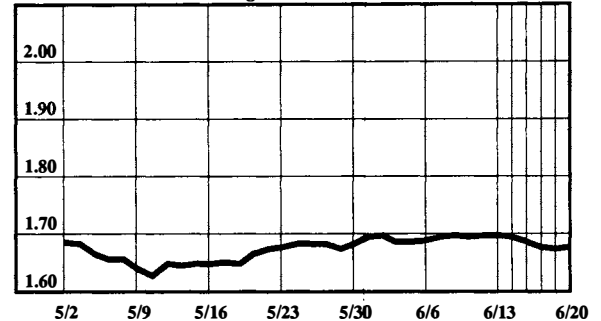
Bush offers nonexistent markets

It was President George Bush who set the stage for the Soviet-Silicon Valley summit, proposing earlier this year that barriers be lifted to computer shipments to Eastern Europe and the Soviet Union. The proposal will be formally presented to Western allies at the meeting of the Coordinating Committee on Multilateral Export Control (CoCom) in Paris in late June. President Bush's proposal came only months after his administration sank computer industry proposals for joint private and government R&D initiatives. Ironically, in killing the private-government development efforts, the Bush administration advanced the very free-enterprise rhetoric so popular in Silicon Valley only a few years ago. As a more "realistic" alternative to R&D, Bush has generously offered nonexistent markets in Moscow, Krakow, and Kiev. A good listen to Lyndon LaRouche, the world's outstanding physical economist, is long, long overdue.

Currency Rates

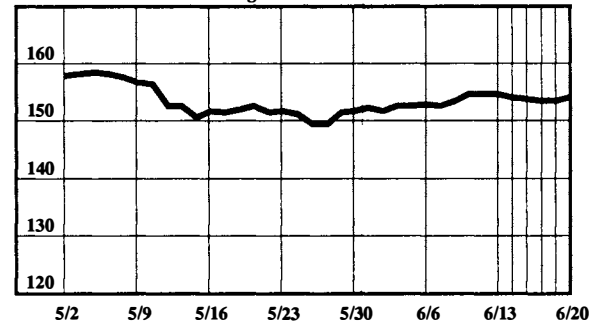
The dollar in deutschemarks

New York late afternoon fixing



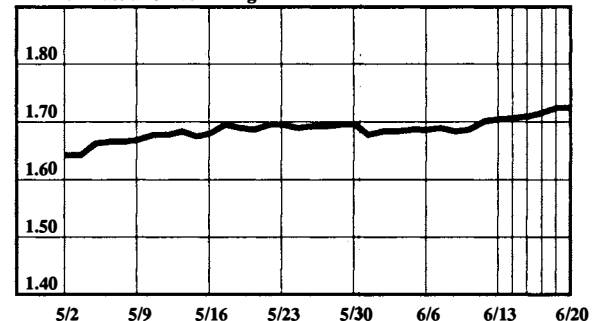
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

