

# Business Briefs

## Middle East

### Give Iraq technological assistance to avert war

Prof. Hajime Karatsu, director of Tokai University's Institute of Research and Development, proposed giving technological assistance to Iraq to enable it to get on its own economic feet, in a commentary in the Dec. 10-16 issue of the weekly *Japan Times*.

Operating on the premise that Iraq moved into Kuwait "to give a much-needed shot in the arm to its economy," he suggests that a simple exchange be put into effect; that Iraq pull back from Kuwait and that in exchange, other countries provide technical assistance to Iraq to help it recover from its war with Iran.

"There is no greater folly than to meet force with force. The wisest course for the industrially advanced countries to take is to help Iraq reconstruct its economy and save Saddam from his present plight. Teach Iraq how to make goods and provide the necessary technical assistance. Fortunately, Saddam has a trained armed force with disciplined technical and engineering personnel. Put these people into non-military production. In no time, the factories will be operating smoothly and producing goods for Iraq's economic recovery."

## Technology

### Japanese develop R&D spurned by U.S. firms

Japanese companies are willing to develop and market new technologies which U.S. companies spurn.

A Japanese computer firm recently honored George H. Heilmeier, an American researcher at RCA who invented liquid crystal diode (LCD) technology about 25 years ago, the Dec. 16 *New York Times* reported. At the time, Heilmeier recalled, RCA said the technology was "more a threat to its existing business than an opportunity," and never developed it. Japanese companies, however, competed fiercely with one another to develop LCDs and bring them to market, where they

are used in digital watches and lap-top computer screens, among other places.

Shinichi Hirano, a Japanese engineer employed by IBM, said, "It was a manufacturing puzzle. I'm not sure American management would wait a quarter of a century" to solve it.

## Debt

### Vatican rips population control 'conditionalities'

Foreign debt was high on the agenda at an unprecedented meeting in November, where 16 international economists from different schools met at the Vatican with the leaders of the Pontifical "Justice and Peace" Council and the Pope.

In 1990, Third World nations' foreign debt to Western banks and international financial bodies reached the exorbitant sum of \$1.2 trillion. Brazil leads with \$112 billion, while African countries trail with Zaire's \$7 billion and the Congo's \$4 billion.

From 1980 to 1989, the Third World paid \$500 billion in interest alone. The North reaped a surplus of \$42.9 billion in debt service in 1989, over the amount given to the South in new loans.

In Peru, the new President Alberto Fujimori, after taking a \$1.2 million loan from the U.N. Population Fund, announced a vast birth-control program, with free distribution of contraceptives and television promotion of their use. Carlos Aramburu, the president of the National Committee for Population, stated that cutting population growth is urgent, since for the nearly 300,000 youths entering the work force each year, there are practically no jobs.

The Catholic Church came out strongly against such measures. Bishop Miguel Irizar said, "In the last 25-30 years, production of goods and services has not increased, while population has increased. This shows that the problem is underdevelopment and not population." He went on, "Our country is as big as Spain, France, and England together, and we only have 22 million inhabitants, I don't think Peru is overpopulated." The bishop of Chimbote, Msgr. Luis Armando Bambaren, said

that the birth control policy was imposed on Peru by the International Monetary Fund as the "condition" for extending new credits.

## Labor

### Household formation at depression levels

The formation of households in the United States has dropped to near-depression levels, the Dec. 16 *New York Times* reported.

The number of new households being formed dropped to depression levels "before the weaker economy became apparent," observed Richard F. Hoekenson, a demographer with Donaldson, Lufkin, and Jenrette (emphasis in original).

In an accompanying bar graph, Hoekenson showed that the number of new households formed in 1990 is about 600,000, one-third the 1.8 million of 1989. Hoekenson said that the weak economy is causing young men to stay home with their parents, rather than finding mates with whom to set up households.

## Economic Policy

### U.S. influence declining, says Attali

Japan will replace the United States as the center of the Pacific zone, declared French presidential adviser Jacques Attali in an interview with the supplement of the Dec. 14 German daily *Frankfurter Allgemeine Zeitung*. He said that the United States has lost the struggle with Japan because the Japanese invested in industrial development.

Europe, the second big growth center of the world economy, has even better conditions than Japan and Asia, because its transportation structure is better developed. "The center of this zone of 600 million consumers will be located somewhere between London, Rotterdam, Frankfurt, Paris, and Milan. These cities are only a few hours by the high-speed railways."

The Americans are in a phase of decline, said Attali, but they could move out of that in

## Briefly

● **THE FREE TRADE** pact with the U.S. has cost 226,000 Canadian jobs since it was implemented on Jan. 1, 1989, the Canadian Labour Congress said in its latest critique.

● **GERMAN** commercial banks are refusing to make further loans to the Soviet Union without 100% government guarantees. The decision is an "alarm signal" over Soviet problems servicing its foreign debt, Dmitri Tulin, an official of the Soviet State Bank, told the Dec. 15 *Wirtschaftswoche*.

● **A EUROPEAN** Space Agency (ESA) team toured Poland's research institutes and met with top science and technology government officials in mid-December. According to ESA, they will cooperate on satellite telecommunications; Polish use of the ESA Earth remote sensing satellite ERS-1; and contact between scientists.

● **U.S. NOBEL** economics laureates Merton Miller, William Sharpe, and Harry Markowitz, praised the benefits of junk bonds, leveraged buyouts, and insider trading, in an interview with Reuters news service Dec. 12. Miller praised junk-bond felon Michael Milken, and Sharpe said insider trading boosted stock prices.

● **JAPANESE** firms have decided not to bid in the Texas high-speed rail project after watching Texas's school budget fight last spring. They "felt that a people which refuse to liberally support the education of their children . . . have hardly the will or ability to see" the project through, Jon H. Fleming, a consultant who claims to represent them, wrote in a July letter, the Dec. 12 *Houston Post* reported.

● **CORPORATE** bankruptcies are at depression levels, Louis Uchitelle wrote in the Dec. 17 *New York Times*. The \$64.1 billion in debt owed "is equal to 1.1% of gross national product. Not since the Depression has the level even approached 1%."

a return of something like the Sputnik shock that stirred them up in the late 1950s.

Attali said that he considers himself a leftist politician, but not a Marxist or a socialist. "To be part of the left, means to recognize that the market won't lead to the right developments in all areas. It is incapable of determining the track of a high-speed railway. It doesn't care about social justice. It ignores the right to culture, knowledge, and education."

### Poverty

#### Mass. social workers report on 'new poor'

On the once-affluent South Shore of Massachusetts, social workers are now handling a flood of caseloads involving upper-middle-class bankers, professionals, and skilled workers who were making \$30-100,000 a year before the "Massachusetts Miracle" evaporated. The *Quincy Patriot Ledger* reported Dec. 15 that this legion of recently unemployed are flooding social service programs; increasing demand at food pantries, fuel assistance programs, and even publicly funded drug treatment centers, according to staff members.

"I've been in this business 17 years, and we've never, never seen anything like this before," said Richard Hinkley, director of South Shore Community Action in Plymouth. "A real, real high percentage of our new clients are families where the man is all of a sudden out of work. It is traumatic for them. They are ashamed, but so desperately in need of help. They have a kid in college, a new car, and a mortgage."

### State Budgets

#### New York deficit soars to \$1.5 billion

Two weeks after New York Gov. Mario Cuomo announced a \$1 billion budget deficit, the state controller's office Dec. 17 released a new estimate adding another \$200-500 million to the shortfall projected for the current fiscal

year. The state also revised the staggering deficit expected in 1991-92 from \$3 billion to \$4 billion.

This latest evidence of how fast revenues are dropping surfaced only three days after the legislature completed a week-long emergency session to slash \$1 billion from this year's state programs and payrolls to cover the previous projection. The lawmakers chopped \$190 million in public school aid; \$80 million from the state and New York City university systems; \$125 million from hospital and Medicaid funds; and \$45 million in revenue-sharing aid to local governments.

Another \$375 million will be squeezed out through layoffs of state workers, a freeze on contracts and hiring, elimination of jobs by attrition, and delays in capital construction projects. Current employees will also lose a week's pay this year, to be restored upon retirement, in a bit of creative bookkeeping called a "lag payroll," totaling \$150 million.

### AIDS

#### India faces case-load explosion

"India is atop an AIDS volcano" is the headline of a feature article in the Dec. 1 *Hindustan Times*. India now has the second-highest concentration of AIDS and HIV infection in Asia after Thailand, the paper reported.

There are 50,000 AIDS-infected people in India, Dr. N.K. Shah, a World Health Organization official, told a New Delhi press conference. Out of 562,000 people tested in India, 52 were found with AIDS and 4,695 HIV positive, of whom 1,200 were women.

In the states of Tamil Nadu on India's southern tip, Maharashtra on the west coast (which includes Bombay), and the northeast states, scientists are already calling the AIDS situation "unmanageable," the paper reported.

Conservative estimates say that 60,000 Indians will develop AIDS in the next five years, and millions more will become HIV positive. Over 30% of the prostitutes in Bombay and Pune are seropositive, and by 1995, one-third of the women of child-bearing age in Bombay will be infected.