

Business Briefs

Soviet Economy

Concessions offered to foreign investors

The Soviet Union has decided to offer concessions to foreign companies to develop raw materials and energy, reports London's *Financial Times*. Prime Minister Valentin Pavlov will shortly unveil the new policy, which is expected to give foreign investors large concessions in oil, gas, and non-ferrous metals. "In the program, we have what we experienced in the 1920s—concessions to foreign corporations. The country is very rich in minerals," he stated.

Vladimir Durasov of the State Planning Commission said that both joint ventures and the Free Economic Zone ideas have not proved suitable for various reasons, and Moscow has now decided to offer direct concessions instead.

The announcement on the concessions policy shift comes amid behind-the-scenes negotiations to set the terms for Mikhail Gorbachov's proposed coalition government with Russian Federation President Boris Yeltsin. In the past, Yeltsin has insisted that Western companies sign contracts with the federation, not the central Moscow government. Observers report that, if this can be resolved, major Western investment in especially energy projects could be forthcoming from Western Europe and Japan.

Space

Gamma Ray Observatory lofted by Space Shuttle

The Gamma Ray Observatory (GRO) will do for gamma-ray astronomy what the Hubble Space Telescope does for visible light and ultraviolet light, with equally dramatic scientific results possible. The observatory includes four instruments, and is the heaviest scientific payload ever deployed from the Space Shuttle (17 tons).

One of the four instruments is the Imaging Compton Telescope (Comptel), built jointly by the European Space Agency, the Max

Planck Institute in Germany, the Space Research Laboratory in the Netherlands, and the University of New Hampshire. Acquiring images in gamma rays is no mean feat, since gamma rays, like X-rays, pass right through conventional lenses and mirrors. GRO's instruments are much larger and far more sensitive than any gamma-ray instruments previously flown. Large instruments are needed to detect a significant number of gamma rays in a reasonable time. GRO's detectors can be kept pointed on a target for as long as 14 days.

Because gamma rays are very penetrating, they allow us to see right through interstellar gas and dust, which, for example, obscures more than half of our own galaxy at visible wavelengths.

Comptel has the detection of gamma rays from supernovae, including SN 1987A, as a prime objective during GRO's two- to four-year mission.

Development

LaRouche 'Oasis Plan' featured in Italy

"Projects for the Development of the Middle East" is the headline of an article published in the Italian industrial monthly *Notiziario Industriale*, which presents the "Oasis Plan" for the development of the Middle East authored by jailed American economist Lyndon LaRouche.

The article details the importance of building floating desalination plants to be used to conquer the deserts. It goes into the canals to be built between the Mediterranean Sea and the Dead Sea, and into the use of Egypt's Qattara Depression to develop irrigation systems; it mentions the "Peace Pipeline" proposed by the Turkish government and outlines railroad projects for the Arabian peninsula.

"The general idea was to use the profits from oil export for infrastructural and urban development of the region. But war prevailed and everything was stopped," the article reports.

After showing that those development plans should be completed with a bridge across the Straits of Gibraltar and a railroad spanning

the Maghreb region, the article concludes: "It is obvious that this would open enormous potentialities for commercial and industrial development for Europe, the Middle East, and North Africa: With these kinds of projects, we would create a more solid base for the peace that everyone hopes for, for this troubled region of the world."

Foreign Aid

Japan warns of lack of funds for Third World

"We are today face to face with a dangerous gap between capital supply and capital demand," Japan's vice minister of Finance for International Affairs, Makoto Utsumi, warned April 7, as quoted by *The Nation*, a Bangkok daily. He said that rich countries were becoming increasingly unable to meet the demand for funds in developing nations.

Speaking at a seminar at the annual meeting of the Inter-American Development Bank in Nagoya, he said, "The developing countries, including those in Asia and Latin America, all need massive infusions of capital for their development." He continued, the problem was the same "in the countries of Central and Eastern Europe," and the Persian Gulf. "Where is this money to be found?" he asked, adding that the new capital adequacy requirements on banks in Japan, U.S., and Europe were posing additional burdens.

Science

Is supermassive body a new kind of matter?

Three astronomers report the discovery of a supermassive, compact body very near a galaxy in the constellation Ophiuchus, in *Astrophysical Journal Letters* April 10. The body itself is invisible, but is inferred from the existence of a rotating disk of gas around it. The rotational velocity of the disk, toward its center, is 2 million miles per hour, with a steep ("faster than Keplerian") decline in velocity at

further distances from the center. The detected motions are symmetric about a point displaced from galaxy NGC 6240 by about 20 light-years.

The velocity of rotation is used to calculate the mass of the invisible object, the gravity of which is related to the velocity of rotation. The steep decline in velocity permits calculations of how compact the object is.

The calculated mass is about that of the entire Milky Way galaxy, but its volume is only one—ten-thousandth that of the Milky Way, and it is 60 times darker for its mass than a star like the Sun.

According to conventional thinking, the object must be the long-sought mathematical construct, the black hole. However, Jonathan Bland-Hawthorn of Rice University, one of the astronomers, in an interview with *21st Century Science & Technology* magazine, said that it might be “uncomfortable” to allow for the formation of such a large accretion of mass in the time available since the fabled Big Bang, but deferred to the views of cosmologists.

Bland-Hawthorn added that the task immediately ahead is to prove, with more detailed observations, that the high-speed motions detected spectroscopically are really rotational motion, and not the result of infall, explosion, or tidal disruption.

Industry

Study tells why German managers beat Americans

The United States needs managers like Alfred Herrhausen, the assassinated head of Germany's Deutsche Bank, rather than Lee Iacocca, a study prepared by the De Valle Institute concludes.

Asking why the method of German managers obviously creates no obstacle to the advancement of German products on U.S. markets, while the aggressive sales methods of top U.S. managers like Iacocca don't really pay off, the De Valle Institute profiled U.S. managers and workers.

The study concludes that the skill and educational level of both German workers and

managers is one of the main reasons for the high quality of German products—which explains why more and more Americans buy German. What made postwar Germany one of the leading industrial nations again, is the universal education and professional knowledge of German managers. “What use are all those charmers like Iacocca to us,” New York business consultant Charles Randall is quoted in the *Süddeutsche Zeitung's* report on the study, “if they know so little about the world markets that they can't tell the difference between Austria and Australia?”

One of the biggest flaws in U.S. management methods, the study says, is its short-term profit orientation, while the Germans and Europeans rather pursue a long-term investment perspective.

Oil

Bush plan doesn't promote U.S. output

“The President's national energy strategy contains nothing to encourage energy production in the lower 48 states,” the president of the Independent Petroleum Association of America, Denise Bode, wrote in the March issue of IPAA's magazine, *Petroleum Independent*. In the same issue, IPAA chairman C. Paul Hilliard noted that if the decline of U.S. oil and gas output is to be reversed, at least 80,000 wells must be drilled each year. But, in all of 1990, only 28,980 wells were drilled.

IPAA has begun a campaign in Congress to change U.S. tax laws, which currently penalize oil exploration by small, independent operators, who, as Hilliard pointed out, have discovered more than half of all new oil and natural gas reserves.

The potential for expanding U.S. oil production was highlighted recently when Mobil Corp. announced that a well located in the Gulf of Mexico about 120 miles southeast of Galveston, Texas, tested at a rate of 60 million cubic feet of natural gas and 5,521 barrels of oil a day, or the energy equivalent of 16,239 barrels a day. By comparison, of the 852,320 producing wells in the U.S. last year, about 75% were stripper wells, producing less than 10 barrels a day.

● **THE SOVIET UNION** replaced the British as Germany's number-one supplier of crude oil, its sales reaching 2.9 million tons, as compared to British Petroleum's 2.5 million tons in January-February of this year.

● **THE UNITED STATES** is importing millions of tons of crushed rock, reports Mineralogical Society president Malcom Ross in its February newsletter. Since quartz, for example, has been declared a carcinogen, most quarrying in the eastern U.S. has come to a halt, since they, like most rocks, have quartz in them. “One wonders how a nation can survive economically if it has to import crushed stone,” he said.

● **THE HOOVER** Institution of California will provide economic advisers to Russian Federation President Boris Yeltsin, according to Yeltsin's chief economic adviser, Mikhail Bocharov, who pointed out that four Hoover fellows have just spent two weeks in the U.S.S.R.

● **THE BAYERISCHE** Hypothekbank has advised its clients to buy shares of the Thyssen Corp., saying the firm has a good development perspective because of considerable investments in pioneer high-tech sectors. The bank's report explicitly referred to Thyssen's commitment to build the Transrapid magnetic levitation train system.

● **THE PRESIDENT** of the former East German state of Mecklenburg-Premomerania, Alfred Gomolka, has proposed transport infrastructure improvements between Mecklenburg and the neighboring region of Szczecin in Poland, as well as several other joint infrastructure projects.

● **SAUDI ARABIA** is so cash-strapped that it wants to pay at least some of the \$13.5 billion it pledged to the U.S. for destroying Iraq, in oil rather than cash, says the *Washington Post*.