

# Business Briefs

## Third World

### SELA head says debt stalled industrialization

The head of the Latin American Economic System (SELA), Carlos Pérez del Castillo, blamed the debt crisis of the 1970s for the collapse of efforts to industrialize Ibero-America.

Pérez del Castillo recently told a pre-meeting of organizers for a SELA-sponsored regional conference on industrialization, to be held in Brasilia in August, that "This crisis led all governments to give priority to the creation of surpluses to finance debt service. As a result, investment in health, education, and training for the productive sectors—key elements in industrial development—collapsed."

Pérez del Castillo said that to restart industrialization, the continent would need more than trade openings, liberalization, and neoliberal policies. "International financing, both of the commercial banks as well as foreign investment—either direct or through the international financial institutions—will be insufficient," he warned. The region, he said, must resort to internal savings of its own, which implies "reducing transfers abroad—currently one-fourth to one-fifth of internal savings goes to debt service—and channeling them to production."

## Soviet Crisis

### Kohl proposes West rebuild infrastructure

Chancellor Helmut Kohl of Germany recommended a concerted Western effort to repair Soviet gas pipelines and railroads, in remarks to journalists during his flight back to Bonn from Washington May 22. According to the *Frankfurter Rundschau*, Kohl called for the "establishment of national and international consortia for repairing of damaged gas pipelines" which cause a loss of 40% of Soviet gas during transport. "Also, the railroad grid can be improved," the article noted from Kohl's

remarks.

Kohl's proposal for a kind of Marshall Plan for the Soviet Union fell on "deaf ears" in Washington, the article notes, and his call for U.S. agricultural aid to the Soviet Union was not received well either.

## Science

### Livermore asks upgrade of Nova Laser

Lawrence Livermore Laboratory officials have proposed that its Nova Laser be upgraded to 20 times greater energy by the end of the decade, to demonstrate controlled fusion, according to *Aviation Week*.

The \$400 million project has been recommended by the National Academy of Sciences and the Department of Energy for its laser fusion effort. The laser would be increased to the 1-2 megajoule level, high enough for ignition of fusion fuel pellets, according to the scientists, because of their innovations in pellet design.

Meanwhile, scientists at Los Alamos National Laboratory have discovered a way to predict geomagnetic storms in the Earth's atmosphere, to help prepare for power surges that can cause power blackouts and damage electrical equipment. Over 100 years ago, scientists observed that intense discharges of charged particles from solar storms had an impact on the Earth's ionosphere, but they have been unable to predict which of the many bursts of solar energy will affect the upper atmosphere.

Los Alamos scientists from the Space Plasma Physics Group have determined that the fast-moving ejections from the solar corona are the ones that produce geomagnetic storms near the Earth. These ejections often produce shock waves in the interplanetary medium, similar to sonic booms in the atmosphere. This solar wind, traveling 1-2 million miles per hour or more, compresses the Earth's magnetic field, causing the discharge of charged particles that creates the auroras and electrical surges.

The scientists examined the data from satellite observations of the Sun between 1978 and 1982, were able to determine the speed of the ejections, and have developed a way of predicting which solar coronal ejections will likely affect the Earth.

## Energy

### U.S. to build nuclear plant for Japan

The first order for a nuclear power plant manufactured in the U.S. since the mid-1970s has been approved by the Japanese government, according to the General Electric Co. Two GE units will be built for the Tokyo Electric Co. Demonstrative of the schedule possible without environmental sabotage, the plants are to come on line in 1996 and 1997.

General Electric will provide the reactors, the nuclear fuel, and turbine generators for the two plants. The contract is worth about \$1 billion. The reactors will be the new Advanced Boiling Water Reactor design, which has been under development at GE for 10 years. The units will produce 1,356 megawatts of power.

Currently, 28% of Japan's electricity is produced by nuclear power plants, and they plan to increase that to 40% by the end of this decade. In contrast, about 22% of U.S. electricity is nuclear-produced, but as virtually no new nuclear plants will be coming on line, while new capacity will be largely natural gas and coal, that percentage will be falling over this decade.

## Consumer Debt

### Credit cards are key source of bank income

The top 25 credit card issuers are committing "highway robbery" with the high interest rates they charge on outstanding balances, according to Bankcard Holders of America di-

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rector Elgie Holstein, UPI reported May 24. "Major banks are using profits from credit card operations to stem their flow of red ink," he said. "More than 70% of Citibank's current profits are attributed to their credit card operation. That's an astounding figure, especially when you consider the breadth of their operations."

Banks are able to make huge profits on their credit card operations because they let their computers decide who gets their cards, the *New York Times* reported May 23. More than 51% of the U.S.'s 200 million credit cards were subjected to computerized "behavior scores" by mid-1990, compared to 14% a year earlier, according to *Credit Card Management* magazine. Citicorp, which earned \$600 million on its credit card operations last year, even though the bank as a whole earned only \$458 million, adjusts its scores to reflect regional differences in incomes and demographics, the paper reported.

Last year, the First National Bank of Chicago used behavior scores to cancel 7,800 accounts and reduce the credit lines on 1,200 accounts by \$4.5 million in New England and the Mid-Atlantic states. The bank said bankruptcy filings among its New England customers rose 77% for the first nine months of 1990 compared to the same period in 1989, and personal bankruptcies rose 36% among its customers in New York, New Jersey, and Pennsylvania—compared to a national average of 15%.

### Eastern Europe

#### Economist warns against 'free market radicals'

Dangerous free market radicals will ruin the economies of Eastern Europe, warned Kasimir Laski, the president of the Vienna Institute of International Economic Research, at an event in the Austrian capital May 23.

Laski said that International Monetary Fund conditionalities on the economic reform process have caused a dramatic drop in industrial output and energy generation and affected other key sectors of the East European states. He charged the so-called "young reformers" with having no idea about capitalism nor about the IMF, nor any insight into Western econom-

ic policies; they are nothing but "dangerous radicals," who would lead their countries into economic catastrophe.

Laski lashed out, especially, against Harvard "free market" economist Jeffrey Sachs and his disastrous counsel to the Poles—the results of which can be "studied by anyone."

Another researcher working with the Vienna institute, Hubert Gabrisch, had attacked "monetarist programs" in Eastern Europe in an essay a week earlier, warning that continuing such programs would "lead the Eastern European countries into catastrophe" and soon "create Ibero-American conditions in these countries."

### Infrastructure

#### Texas to build high-speed rail link

The Texas High Speed Rail Authority has awarded a \$5 billion contract for construction of a 590-mile high-speed rail link between Dallas to Houston. The new line, to be based on the decade old French TGV train, will cut travel time between the two cities to one-and-a-half hours.

Expected to be on line in 1998, it will be within reach of two-thirds of the state's population; trains will travel at up to 200 miles an hour. (The French TGV has reached 320 miles per hour speeds.)

The consortium awarded the contract is led by the Montreal-based Bombardier firm, which has exclusive North American rights to the TGV technology. The track involves investments of \$4 billion.

Texas officials decided against an offer for the new German ICE system, because it has just begun operation and was considered untested, even as Germany is considering the more technologically advanced magnetic levitation system.

The era of the German high-speed ICE train was inaugurated in an official ceremony by President Richard von Weizsäcker in Kassel on May 29. The ICE will begin running on a regular schedule at an average speed of 250 kilometers per hour on June 2. An ICE version for freight transport will soon begin operation on the same route.

● **THE FRENCH** government will approve a plan to more than quadruple the country's high-speed rail network, according to the *Financial Times*. The plan calls for spending some \$42 billion in construction of 16 new lines for the highly successful high-speed TGV over the next 20 years. This will bring total TGV rail infrastructure to 4,700 kilometers.

● **U.S. WAGES** have fallen 12% to 1950s levels, according to Robert B. Reich in a commentary in the May 27 *New York Times*. He proposes an infrastructure building program, to be funded by taxing Social Security benefits as well as cuts in the military budget.

● **DR. MARCIA ANGELL**, *New England Journal of Medicine* executive editor, called in its May 23 issue for a nationally funded program for the medical care of AIDS sufferers, and "systematic tracing and notification of the sexual partners of HIV-infected persons and screening of pregnant women, newborns, hospitalized patients, and health care professionals."

● **ONE-THIRD** of East European and Soviet export earnings are absorbed by foreign debt service, according to a report of the OECD. The total debt of the former CMEA nations increased by more than 80% from 1985 to 1990, and stood at \$123 billion at the end of last year.

● **'WESTERN AID** to Eastern Europe has been a hoax," Prof. Silviu Brucan, former Romanian ambassador to the U.S., told an international conference sponsored by the Atlantic Commission and the Netherlands foreign minister. He said imposed "free market" and "privatization" policies were making Eastern Europe the "Latin America" of Western Europe.

● **MONGOLIA** has joined the IMF, and meat rationing has begun. Citizens are allowed approximately one-third their former ration of meat.