

Business Briefs

Soviet Union

The harvest looks bad, imports needed

Prospects for the Soviet harvest look bad, state complementary articles in the July 23 London *Times* and the Italian daily *Corriere Della Sera*, both written from Moscow.

The net harvest is likely to be about 190 million tons at best. There has been severe drought in western Siberia, Kazakhstan, and southern Russia, bringing yields down by a quarter in areas harvested to date.

Other problems include: Foreign currency is lacking to buy pesticides from abroad; the disruption of trade with eastern Europe has cut the supply of farm machinery and spare parts (155,000 combine harvesters have broken down); the system providing "volunteers" from the factories to work on the harvest has broken down; collective farms are increasingly reluctant to part with the food they produce to central grain assembling agencies; individual republics, such as Ukraine, are not supplying their quotas to the central authorities; and the food industry is in a disastrous financial situation, with rapid debt accumulation.

"The Soviet Union has lost the battle of the harvest," *Corriere della Sera* headlined. The U.S.S.R. is preparing to double its purchases of grain on the international markets. Farmers are refusing to give up their products to the state. Only 3.7 million tons of a quota of 25.5 million tons have been sold to the state. Should that ratio hold for the year, the state will only receive 10 million tons of a quota-mandated 77 million tons.

The Armed Forces' effort to gather the harvest is foundering, both because of military budget cuts and a lack of drivers for the 40,000 trucks allotted.

Energy

South Korea designs its own nuclear system

The Korean Atomic Energy Research Institute has signed with Korean Heavy Industries and Construction Co. to design a nuclear steam sup-

ply system for the Uljin nuclear power reactors, No. 3 and No. 4, located southeast of Seoul.

A spokesman for the institute told the South Korean news service Yonhap: "This marks the first time for Korean technicians to design the system without the help of foreign technology, which is currently owned by a handful of science powers such as the United States, France, and the Soviet Union."

In a related item, the Korean Electric Power Co. awarded ABB Combustion Engineering Nuclear Power of Windsor, Connecticut a contract for two pressurized-water reactors. Shelby Brewer, president of the firm, in a telephone interview with the *Journal of Commerce* from Korea, noted: "We expect to continue our relationship with the Koreans during the rest of the decade. They have plans to add more power to their grid, because they have a very large growth rate in electricity demand with very little reserve margins."

Labor

Gap between rich and poor in U.S. widens

The richest 1% of U.S. households more than doubled their income, while the poor wound up with less than ever under the Reagan and Bush administrations, according to a recent study by the Center on Budget and Policy Priorities.

From 1977-87, as valued in today's dollars, the top 1% of households had after-tax income gains averaging 122%—from \$203,000 in 1977, to \$451,000 in 1987. The top 5% gained an average of 60%. The top one-fifth gained 34%.

By contrast, the bottom quintile saw their after-tax income fall by 10%; the next-to-poor-most quintile lost 3%; the middle quintile gained a meager 4%, and the second-highest quintile improved 9%.

The report estimates that by 1992, the percentage of income paid in federal taxes by the richest 1% will fall 18% from 1977 levels.

Besides the obvious economic decline that has hurt all but the richest, who have made a bundle on speculative "free market" investments, under Reagan-Bush the tax laws were

rigged to penalize most wage-earners while giving enormous breaks to the wealthiest.

The free-marketeers at the Heritage Foundation and elsewhere castigated the report for not including "non-cash" transfer payments to the needy, like food stamps, Medicaid, and housing subsidies.

Industry

Need tangible goods, not aerobics instructors

Manufacturing holds the key to U.S. international competitiveness, a chemical industry economist told a House Ways and Means Committee hearing in mid-July. In unusually feisty testimony, Allen J. Lenz told the hearing, "We cannot and will not become [a nation] of insurance salesmen, hair stylists, and aerobics instructors. Somebody has to make real, tangible goods. Goods production still drives the U.S. economy and always will."

Lenz noted that while the U.S. chemical industry is a "prime example of an internationally competitive industry," the rest of U.S. manufacturing "has been taking a beating," both at home and abroad. Lenz insisted that Americans cannot continue "to be net importers of a major portion of our manufactured goods, because we would have no way to pay for them."

Invisible Hand

'Keep free marketeers out of eastern Europe'

Eastern Europe's transformation is a matter too serious to be left to people like Harvard "free market" economist Jeffrey Sachs, wrote Viktor Meier, Balkans correspondent for the German daily *Frankfurter Allgemeine Zeitung*, in an article July 23.

Reporting on an experts' meeting at the European Bank for Reconstruction and Development (EBRD) in London a few days earlier, Meier said, "Among western experts who are to provide their governments with recommen-

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dations for policies toward eastern Europe, dogmatic and partly unrealistic views prevail." Meier quotes a Hungarian cabinet minister, "The dogmas have changed, but the dogmatists are still there."

The sort of "genuine experts" in eastern Europe who "worship extreme liberalist theories" are "especially widespread in Poland," Meier observed, to the delight of the U.S. and the International Monetary Fund, which believe that Poland is the show-case model of a neo-liberal economy.

Many east Europeans are astonished, Meier writes, that "even European experts submit totally to the liberalist extremism of the Americans, which is mostly . . . associated with the name of Prof. Jeffrey Sachs." He notes that several European "western" and "capitalist" states like France, Austria, and Italy have a longstanding policy of state intervention.

In the same vein, the July 22 issue of the Vienna daily *Die Presse* charged the "new elites" in eastern Europe with plans for replacing the vulgar Marxism of the past communist regimes with a "primitive ideology of neo-liberalism."

In the minds of most east European government officials, the "idea of the invisible hand and the vision of a liberal, profit-centered order of society prevail," the article stated. This is producing the most severe social results: "millions of jobless, no funds for public institutions, emigration."

Trade

U.S.-Britain tensions rise over sales to Iran

Trade tensions between Washington and London have risen sharply since the U.S. blocked a sale of British Aerospace civilian 120-seat passenger jets to Iran under the argument that Iran is "subject to U.S.A. export controls as a country on the list of state supporters of terrorism," in the words of the *International Herald Tribune*.

London sources report that since the Gulf war, tensions between the U.S. and British aerospace and arms companies have risen to

unprecedented heights, with British claims that the U.S. is using its Iraq "success" to push competitors out of traditional markets around the world.

The U.S. claim is that the British plane contains vital U.S.-made parts from Textron, and thus it can control export sales. The British Foreign Office has said it would "strongly support British Aerospace," a member of the European Airbus consortium, calling the U.S. decision "disappointing and inexplicable" in light of U.S. approval for the recent sale of Dutch Fokker passenger jets Iran.

Malthusianism

Plan for 'technological apartheid' moves forward

High-level circles in the United States, Britain, and France are now involved in creating a "Cocom-Two," or "North-South Cocom," after the treaty which restricted western technology exports to the Soviet Union. This one would restrict transfer of important technologies to Third World nations.

The conception motivating such efforts is "technological apartheid" against the South, an idea first recommended by France's *L'Express* magazine in the weeks following Iraq's invasion of Kuwait.

According to sources involved in preparing Cocom-Two, there will be a "clear denial" of technology to "the South" in the areas of information technology, sensors, data-processing with potential military applications, satellite technology, and others. Geographically, areas of particular concern are not only Iraq and the Mideast, but also the Indian subcontinent. India is seen by these circles as a threat for the future, with allegedly ambitious plans for development of sophisticated missile and nuclear weapons technology by the late 1990s.

These sources stress that Cocom-Two should be seen in the context of the shift of NATO's area of priority toward the South, and a growing consensus in the transatlantic elites that the "new challenge" for the 1990s will be "instability in the South."

● **HELMUT KOHL**, Chancellor of Germany, called the world dope cartels a "challenge to the state and society," in a report to the cabinet in Bonn July 24. Kohl said the size of the dope trade, an estimated \$500 billion per year, demanded that extraordinary measures, such as a ban on money laundering and drug enforcement options, be considered.

● **THE GOES-7** weather satellite probably cannot be replaced in time, meaning that the U.S. faces the loss of critical hurricane-tracking capability by early 1993, congressional analysts told a House hearing. Doubts about NASA's ability to meet a December 1992 launch date imply that the National Weather Service should go ahead with alternative arrangements such as borrowing European or Japanese satellites.

● **FRENCH** Industry and Trade Minister Dominique Strauss-Kahn declared, "It would be extremely regrettable if the United States became the only granary of our planet," in a blistering attack on the GATT negotiations leading toward the conclusion of the Uruguay Round. He insisted in a white paper that Europe is making all the concessions, Washington is making none. He called an agricultural reform proposal by GATT director general Arthur Dunkel "unbalanced," and "to the detriment of Europe."

● **GENERAL ELECTRIC** Aerospace is buying satellite transistors from Japan, after U.S.-made gallium arsenide transistors in the amplifiers on the experimental NASA ACTS communications satellite failed during a duration test. Their replacements are being purchased from the Nippon Electric Co. of Japan, as the quality of any U.S. supplier is not assured.

● **'A GLOBAL** capital shortage now threatens world order," said Madis Senner, president of Sunray Securities of New York, in the July 28 *New York Times*. "Worse, there does not seem to be an end in sight."