

Business Briefs

Science

Japan considers next step in fusion research

Japan is considering taking the next step in fusion research, the January newsletter of Fusion Power Associates reports. Scientists at the Japan Atomic Energy Research Institute are working with engineers at Hitachi, Toshiba, and Mitsubishi to design a device which would allow Japan's scientific community to "maximize utilization" of the JT-60 tokamak facility by building a large, steady-state tokamak experiment.

According to the newsletter, the new machine would be outfitted with superconducting magnets rather than conventional copper coils, which would facilitate operation in a steady-state mode, rather than the pulsed mode typical of all other tokamak devices in the world. It would be designed to produce conditions five times higher than the deuterium-tritium breakeven levels characteristic of the Joint European Torus (JET) in Europe, and Princeton's Tokamak Fusion Test Reactor (TFTR).

The proposal being made calls for operation of the new machine in 1998. U.S. scientists reviewing the design estimate the cost at about \$1 billion.

Agriculture

U.N. reports fall in world food output

The U.N. Food and Agriculture Organization's year-end report says world food production in 1990 fell for the first time since 1983. Worldwide food and agricultural yields declined by 1.4%.

The Dec. 26 *AgriNews* says that exporters and grain companies are now worried about being able to meet domestic and overseas commitments because U.S. wheat stocks are expected to fall to their lowest levels since 1973-74.

The drop in world production was driven by a 23% decline in wheat production in the

republics of the former Soviet Union, and a 30% drop in the U.S. wheat harvest.

The FAO said that the Soviet decline was caused by drought, inadequate infrastructure, and shortages of spare parts and fuel.

Edouard Saouma, director general of the FAO, said the disintegrating Soviet Union and eastern Europe need "major injections of capital and technology and substantial food aid during this extremely risky period of transition from collectivism to market economies.

"Food stocks will be drawn down to dangerously low levels in 1992, particularly in the main exporting countries that provide an important safety net," Saouma warned in his year-end message, based on the FAO report.

The report said that food security for next year will depend to a large extent on the success or failure of the 1992 harvest, and prospects are mixed because of less than ideal crop conditions.

Eastern Europe

Polish minister wants low-interest farm credit

The new Polish Minister of Agriculture, Gabriel Janowski, has announced that his policy will be based on low-interest credit from the state for farmers, a firm pricing system for farm products, and protective tariffs to guard against dumping of food on the Polish market by traders abroad.

Janowski, who is also the national chairman of the Rural Solidarity party, declared that he wants to see all relics of the past regime of Finance Minister Leszek Balcerowicz removed from the government. However, officials at the Finance Ministry with whom he talked about his new policy opposed it on grounds that it would inflate the budget, he said.

But, said Janowski, protective tariffs in Poland's import sector and low-interest credits to the country's farmers are vital. Their effect on the inflation rate would be minor, so that there is no reason to keep insisting on the Balcerowicz policy of making new credit expensive. With an efficient pricing and farm credit system, however, Janowski elaborated, the

Polish farm sector would be enabled to produce sufficient amounts of high-quality food products at affordable prices so that Poland would not depend on cheap food imports from abroad.

Labor

French eye cheap E. European workers

Hire "robust" eastern European workers for only one-third of the minimum wage, advertises the Interland firm aimed at the main construction firms of France. Taking advantage of a law which promotes three-month training workshops in France for eastern European workers, this company is trying to organize a system of cheap labor for French construction.

The deepening depression conditions in France make the idea attractive to many firms. Bankruptcies are skyrocketing. The latest national statistics show a 20% growth of bankruptcies for the first 10 months of the year relative to last year. This represents a total of 43,900 companies and this figure is expected to increase during 1992. The bankruptcies concern every sector of economic life, services as well as industries.

According to National Statistical Institute specialists, the problem is not so much the number of bankruptcies—because in a period of great growth there are also a heavy number of casualties—but the fact that the figure for new businesses created is also at a record low, from 23,500 per month in 1989 to less than 20,000 at the end of 1991. The bankruptcies are also hitting larger companies like National Television Channel 5.

French banks are also expecting the worst in the period ahead. Not yet in as bad shape as British and American banks, French banks are nonetheless increasing their reserves to deal with the growth in defaults of companies and private citizens. Bank reserves have gone from 50 centimes per 100 francs lent, to 1 franc this year for domestic loans, plus 50 centimes for international loans. Banks are expecting bad days to come due to the increase not only in commercial bankruptcies but also in personal bankruptcies triggered mainly by the real es-

tate crisis.

And finally, the French automobile market has collapsed, with some 12% lower sales relative to the previous year. The automobile market registered a huge drop of 20% during the Persian Gulf war and has never recovered. Drops in the rate of sales have hit French cars worse than foreign cars, creating a situation in which, for every 10 cars sold, four have been imports. Auto producers have all announced major layoffs.

Environmentalism

Earth Summit viewed as attack on prosperity

Matthew Hoffman, an analyst at the Competitive Enterprise Institute, blasted the U.N. Conference on Economic Development's (UNCED) "\$30 million extravaganza" known as the Earth Summit, or Eco-92, to be held in Brazil in June, for being a threat to American sovereignty and the world economy. Although blinded by "free enterprise" ideology, he makes several trenchant points in a column in the Jan. 12 *Washington Times*.

Hoffman argued that the theme of the conference, "sustainable development," is nothing but "a euphemism for restricted development" to be imposed on the world through several binding treaties written and signed by thousands of special interest groups who will attend the Earth Summit in place of "true citizen representation, giving disproportionate influence to environmental zealots."

Hoffman insisted that "sustainable development," will only keep poor countries poor, while falsely posing western prosperity as the enemy of a sound environment. Hoffman attacked UNCED head Maurice Strong's argument that population is a cause of poverty as a "false belief," and warns that acceptance of legally binding Earth Summit treaties will lead to the "undermining of U.S. autonomy in favor of the United Nations."

Symptomatically, a report by the South Center, headed by Dr. Julius Nyerere, the former President of Tanzania, has recommended a common strategy among developing sector

nations at the UNCED conference, calls for debt relief and other important measures, but falls into the trap of advocating a redistribution of the right to pollute between advanced and developing nations. It calls for "the acceptance of the principle of country emission entitlements based on an equal distribution of emission rights among the world's inhabitants." This, ironically, goes beyond what the malthusian "redistribution of the wealth" advocates have proposed.

Capital Investment

'Nation doomed without Hamiltonian economics'

A nation which has forgotten Hamiltonian economics is doomed, warns Clyde Prestowitz, president of the Economic Strategy Institute, in a column entitled "America Without Tools" in the Jan. 12 *Washington Post*.

Pointing to the lesson drawn by the first U.S. secretary of the treasury, Alexander Hamilton, in his *Report on Manufactures* written 200 years ago, Prestowitz insisted that it is not how much but *what* the economy produces that will determine its future: "not potato chips but superconductor chips." Prestowitz says we need what Hamilton's economic strategy proposed: "A public-private partnership, including creation of a sound banking system, construction of extensive road, canal, and other infrastructure systems, and promotion of technology and manufacturing."

The lessons of Hamilton have been forgotten in Washington, warned Prestowitz, who insists that the President "must take the lead in the new strategy by explicitly making U.S. industrial and technological leadership his highest national priority," including tax credits for productive investment and R&D, 21st-century infrastructure, and a crash program in quality education.

That Prestowitz still has much to learn is suggested by his European- and Japan-bashing tendencies, and his proposal for the creation of a "high-savings economy" based on slashing defense spending, punishing the middle class with new taxes, and eliminating entitlements.

● **MALARIA** has spread during the last 10 years in many parts of the world, according to a World Health Organization report. More than 2 billion people in 100 countries now live in areas where there is risk of contracting malaria. Of these, 500 million, mainly in Africa south of the Sahara, live where the risk is very high. Of the 110 million clinical cases in the world today, 80% are Africans.

● **INVESTMENTS** by U.S. electric utilities during the 1990s will be entirely consumed in meeting environmental and regulatory requirements, the December issue of the American Nuclear Society's *Nuclear News* reported.

● **INFLUENZA** has reached epidemic proportions, says a declaration of the Centers for Disease Control in Atlanta, Georgia. Seven percent of all deaths in 121 U.S. cities during late December and early January were caused by influenza.

● **JACQUES CHIRAC**, the former prime minister of France, has called for the creation of a European foundation to fight AIDS in Africa. In a nationally televised interview, he also proposed a stabilization of raw materials prices and indexation of loans to the prices of export products. Debts must be canceled in a more "systematic" way, said Chirac.

● **TWO MEDICINES** used in combination seem to increase those cells of the immune system which are key to resisting the AIDS virus, concludes a study at the British National Health Institute. The researchers were able to show an increase of the so-called "T4 lymphocytes" of 56 patients treated with azidothymine (AZT) plus the new medicine dideoxizytidine (DDC).

● **THE U.S. STEEL** industry lost about \$1 billion in 1991, Milton Deaner, who heads the American Iron and Steel Institute, stated Jan. 6. There was a 12.5% drop in revenues, while shipments dropped 7.5% from 1990. Revenues dropped more than shipments because prices also fell.