

Business Briefs

Development

Japan will give India long-term loans

Japan will extend close to \$1 billion in development and commodity aid to India in 1988, for various public and private sector projects, *The Hindu* newspaper reported on Feb. 7.

The aid will be directed through the Exim Bank of Japan and multilateral institutions like the Asian Development Bank. A notable feature of the aid is that much of it will be unconditional. Although the loans they are commercial, they will be long-term credits repayable in about 20 years and will carry a relatively low interest rate of about 5.3%.

The loans will be separate from the project aid that Japan has been extending to India every year through the Aid-India Consortium.

Of the new loans, about \$450 million will go for thermal power projects, and about \$110 million for railway modernization. A Japanese team will be visiting India in March to study the projects for which India is seeking aid.

Industry

Houston loses its last steelmaker

USX, formerly U.S. Steel, the nation's largest steelmaker, has announced that it will permanently close its Texas Works steel mill in Baytown, near Houston. The plant was idled by USX one year ago, after being closed for six months by a strike.

The Texas Works, which opened in 1970, was partially dependent on the depressed oil-drilling industry. It produced 48-inch diameter line pipe, as well as plates for barges, freight cars, oil storage tanks, and offshore drilling platforms.

The plate mill was capable of producing more than 1.5 million tons a year. But nationwide 1986 demand for plate sank to 3.5 million tons, from 8 million tons in 1980,

according to USX.

At its peak, the mill employed about 2,000 workers; there were about 850 at the time of the strike, and about 615 may be eligible for shutdown benefits. About 50 are eligible for pensions.

The closing leaves Houston without an integrated steelmaker. Armco closed its huge mill on the Ship Channel in 1982.

Soviet Union

War economy chief takes over Gosplan

The Kremlin has named as the new head of the State Planning Committee (Gosplan) the man who has been responsible for all military-related industry in the Soviet Union. Yuri Maslyukov, 50, was named to succeed Nikolai Talyzin at Gosplan.

Maslyukov was first deputy chairman of Gosplan from 1982 to 1985. Since November 1985, Maslyukov has been in charge of the Military-Industrial Commission of the U.S.S.R. Council of Ministers.

Maslyukov is also expected to be named a candidate Politburo member at the Central Committee plenum in mid-February.

His appointment is the second top-level war-economy-related personnel move since November, when a special meeting of the Moscow Party Central Committee named Lev Zaikov the new boss of the Moscow party, replacing Boris Yeltsin. In a break with tradition, Zaikov, a Politburo member, was permitted to retain his post on the Central Committee Secretariat as overseer of the military-industrial complex.

According to TASS, Nikolai Talyzin, the man Maslyukov is replacing, has been demoted to chairman of the Social Development Bureau. Approximately seven months ago, Mikhail Gorbachov had attacked his handling of the economy at a full meeting of the Central Committee.

Analysts quoted by Reuter, however, cautioned that Talyzin could, on the contrary, be promoted to full membership on the Politburo. Talyzin's new Social Development Bureau post fills a vacancy left in October by the purging of Geidar Aliyev, who

also lost his Politburo seat. They point out that Talyzin remains one of three first deputy premiers. One of the others is Maslyukov.

Nuclear Energy

U.S., Soviets said to pressure Subcontinent

Both the United States and the Soviet Union are working to prevent India and Pakistan from becoming nuclear-weapons powers, according to commentator Brahma Chellaney, writing in the Indian newspaper *The Statesman* on Feb. 8.

The Soviets, he wrote, are putting pressure on India to take two of the obsolete Soviet VVER-440 nuclear reactors. The VVER-1000 model, which malfunctioned at Chernobyl, has been mothballed, and the Russians themselves are now going for the VVER-1800 model. They are offering 2.5% interest to be paid over 20 years, to try to lure the Indians into the deal.

Chellaney adds that the Viktor Class 1 nuclear submarine, which the Indians have taken from the U.S.S.R. on a four-year lease, is intended to force the Indians to rely on a more obsolete nuclear submarine, and to enable the Soviet Union to "get inside" the Indian nuclear program and prevent India from making nuclear weapons.

Chellaney charges that Washington is pursuing the same kind of policy toward Pakistan, which is heavily dependent on the United States for arms and cash, and whose rulers are being pressured to curb the nuclear program.

Poverty

Reagan bill provides for no new housing

President Reagan signed a two-year, \$32.3 billion housing bill that would provide welfare recipients with vouchers to pay their rent at existing slums, and subsidize the sale of such public housing to residents. The bill,

however, provides for no new low-income housing.

The bill would "privatize" large chunks of existing public housing by allowing residents to purchase their apartments at a huge discount. They could not sell the units for five years, after which they could sell their units to private interests.

"This legislation puts the private market to work in supplying rental housing by enabling the government to help needy families with vouchers so they can afford to rent housing of their own choosing," said the President at a signing ceremony at the White House Feb. 5. "It provides new opportunities for public housing residents to take control of their own lives by managing or buying their own housing."

The bill is a giant step toward removing the U.S. government from the responsibility of seeing that Americans are well housed, first enunciated by President Roosevelt during the Great Depression.

Infrastructure

Egypt declares water emergency

Egypt, plagued by extremely low water levels in the Nile, has declared a national emergency in anticipation of water and energy shortages. The announcement was made Feb. 7 by Energy Minister Maher Abaza.

The emergency declaration came after an alarming fall in the water level in Lake Nasser at the Aswan Dam.

The approaching crisis had been evident for several months. Last December, President Mubarak chaired an emergency meeting of his cabinet to review the Nile water crisis.

According to Abaza, the low level of the Nile will not only mean shortages of water in late spring and summer, but curtailed electricity production. The Aswan Dam provides more than 40% of Egypt's electricity needs.

Officials cited as the cause of the low water levels five years of drought in Central Africa, with attendant effects on the Nile. However, drought is not solely responsible.

In past years, water-management projects throughout the Nile region have been canceled under the pressure of the International Monetary Fund, with the backing of Washington. Of special importance was the discontinuation of work on Sudan's Jonglei Canal.

In mid-February, Cairo will chair a meeting of Egypt, Zaire, Uganda, and Sudan. Significantly, the government of Ethiopia, where the Blue Nile has its source, will not be represented.

Banking

Top German banker wants world central bank

Alfred Herrhausen, of the managing board of Deutsche Bank, told *Die Welt* Feb. 8 that he favors a world central bank, and that a first step in this direction should be the formation of a European Central Bank. Such a bank must be independent politically, financially, and in personnel, with the clear mission to guarantee price stability.

He made the remarks following the closed two-day "management summit" in Stuttgart, organized by Lothar Spaeth, governor of Baden-Württemberg, which featured the heads of many European industries.

Herrhausen also endorsed ideas earlier expressed by *Crédit Suisse's* Hans-Georg Rudloff. "In former times," he said, "the movement of international currencies was the 'veil' covering the international transfer of goods. Money was the means by which the flow of goods was financed. This relationship is today either not true at all, or true only in extremely loose form. Today, international monetary traffic flows are 25 times greater than the cross-border flow of goods."

Die Welt asked him if it would not be sensible to restore some relationship between money flows and trade flows. "That is hardly possible any possible," he answered, "because the domain of international capital flows has become so powerfully independent. One cannot turn back the wheel of history."

Briefly

● **BRAZIL** and Colombia announced a series of economic deals after a visit to Bogota by Brazil's President José Sarney. They include a \$10 million Brazilian loan to build four airports in Colombia's jungle territories, Brazilian cooperation in reconstruction of Colombia's decrepit rail system, the exchange of 300,000 tons of Colombian coal for Brazilian weapons, and a three year program of joint mineral exploration in their border area.

● **THE BANK** of Dallas, an independent bank with assets of \$193.9 million, became the seventh bank to fail in Texas in 1988, and the largest bank failure in Dallas history. It was declared insolvent by state authorities on Feb. 5. "Aggressive lending practices" were cited as the cause of the collapse.

● **GENERAL MOTORS** announced Feb. 9 that its earnings rose 21% in 1987, to \$3.6 billion, but that only about \$130 billion of this came from sales of cars and trucks. The bulk came from three main subsidiaries: General Motors Acceptance Corporation, its financial arm, which reported 1987 profits of \$1.5 billion, up from \$1.2 billion in 1986; Electronic Data Systems Corp., its computer services operation; GM/Hughes Electronics, a major part of GM's defense, aerospace, and communications business.

● **KGB AGENT** Shabtai Kalmanowich, now jailed in Israel, played a mediating role in a Soviet proposal to South Africa for cartelization of the platinum and gold markets. The October 1987 *British Intelligence Newsletter* related this to recent turbulent events in the tribal homeland of Bophuthatswana, which sits atop the world's largest platinum reserves. In return for agreement, Moscow promised Pretoria it would curtail black terrorist activities in the region. South Africa agreed after American sanctions.