

# Business Briefs

## Space

### American company contracts Soviet rocket

An American company, Energetics Satellites Corporation, has signed the first contract with the Soviet Union to use a Soviet rocket to loft a satellite into orbit. The contract still awaits approval by the State Department, which up to now has had a general policy that no U.S. satellites will be shipped to the Soviet Union.

Energetics, which has developed a satellite with a large antenna to track objects on Earth with small transmitters (ostensibly to find stranded sportsmen and boaters, etc.), signed the contract with the Houston-based Space Commerce Corporation, which has an exclusive joint venture with Glavkosmos, the Soviet civilian space agency. The contract is worth \$54 million.

Many U.S. companies have wanted to use Soviet launchers, which the Soviets have offered at cut-rate prices far below what the companies can find in the U.S., but have been prevented by lack of State Department approval. While Energetics expects approval for its contract, the State Department has refused to publicly indicate its intentions.

## Electronics

### Laissez-faire policy threatens obsolescence

Two separate studies released Nov. 21 warn that continued laissez-faire government policies will lead to disastrous obsolescence in the U.S. electronics industry.

The Economic Policy Institute (EPI) estimates that government failure to support the development of high-definition television and related technologies could result in a \$225 billion trade deficit in those areas alone, and the loss of two million jobs, within 20 years.

The National Advisory Committee on Semiconductors (NACS), headed by Dr. Ian Ross, president of AT&T Bell Labs, warned

that the U.S. electronics industry is in danger of falling one generation behind its Japanese counterpart if government support is not forthcoming within two years. In an implicit condemnation of the national shift to speculative financing over the past two decades, the Committee urged the creation of a Consumer Electronics Capital Corporation to provide low-cost, long-term loans to help industry develop new technologies.

The NACS released its report to the White House in early November, but charges have been made that free market ideologues have suppressed the report.

The EPI also noted that lack of a coherent nationwide communications policy makes it almost impossible to plan nationwide improvements, and that U.S. telecommunications have, ironically, been shaped more by anti-trust and rate regulation considerations than by upgrading the technological condition and global competitiveness of the industry.

## Job Safety

### Over 200,000 deaths in 18 years in U.S.

Over 200,000 workers have died in the United States from on-the-job accidents with no responsible individuals going to jail, while the Environmental Protection Agency has put hundreds of individuals in jail with no evidence that their actions caused anyone harm, Joseph A. Kinney charged in a *New York Times* commentary Nov. 21.

Kinney, the executive director of the National Safe Workplace Institute, compares the death toll in the work place with the record of the EPA.

"In 1987, the Justice Department sent Willard Kaiser, a margarine plant manager in Washington State, to jail for violating clean water laws. Found guilty of discharging yeast into a waterway, he was sentenced to a year and a day in jail. Since then, the EPA and Justice Department have worked together to prosecute 425 cases that resulted in collective sentences of 271 years in jail. On the other hand,

[Howard] Elliott, the Labor Department's sole incarceration, is spending 45 days in jail," although he was found responsible for the death of two workers, he writes.

"The EPA's impressive criminal prosecution record is based on stiff laws and substantial resources. The EPA and Justice Department have 78 investigators and lawyers working to prosecute polluters. . . . The EPA will have 21 times the resources to prosecute lawbreakers than does the Labor Department's job safety agency, the OSHA [Occupational Safety and Health Administration]. The EPA's efforts are fostered by tough laws. A first-time violator can go to jail for up to 15 years under the Federal Water Pollution Control Act—but only six months under job safety laws. The EPA can impose fines of \$250,000 per violation; the maximum the Labor Department can impose is \$10,000. Under pollution laws, the government can prosecute without regard to a defendant's intent or without knowing if a single person was harmed. But under job safety laws, the government can bring criminal charges only in fatalities and only when there is evidence of willfulness. . . . The Senate, which has more than 100 staff members worrying about the environment, lacks a single professional working on job safety.

"Why is the law tougher on polluters than on employers who kill?" Kinney asks. "A recent study by my organization shows that the U.S. trains many industrialized nations in protecting workers. We estimate that a U.S. worker is five times more likely to die from an on-the-job accident than a worker in Sweden and three times more likely than a worker in Japan."

## Markets

### Financial Times attacks junk bond 'madness'

The London *Financial Times* made a scathing attack on junk bond financing in the United States in its "U.S. Money and Credit" column by *Financial Times* editor James Buchan Nov. 20, entitled "Funny Noses Come off the Junk Joke."

## Briefly

"In the middle of the 1980s the U.S. investing public fell prey to an elaborate practical joke," Buchan writes. "This joke . . . involved the promise of very high yields on the debt securities of very highly leveraged U.S. corporations."

Buchan reviews the history of the growth of the junk market in six years to the present \$200 billion through ever more exotic devices such as "payment in kind" or "zero coupon bonds." "These securities varied from complex to mind-boggling, but they had one thing in common. They paid no cash interest. . . . Like all practical jokes, this one went on far too long. Kohlberg, Kravis Roberts, which issued more deferred-interest junk than anybody else to create its industrial empire, finally gave the game away at the beginning of the month." Buchan labels these exotic bonds, some \$30 billion of the total \$200 billion junk market, "an accident waiting to happen."

### Agriculture

#### Alarm grows over Middle East production

More than 65% of foodstuffs for the Middle East will have to be imported by the year 2000, according to the latest report presented in September at the Congress of Arab Parliamentarians. With growth in agricultural production averaging 2.5%, \$100 billion worth of imports—21 million tons of wheat, 7.5 million tons of rice, 5.8 million tons of sugar—would have to be imported.

Over the last decade, natural disasters and an acute shortage of financing for new investments due to growing debt burdens have led to a decrease in self-sufficiency in wheat production from 60 to 40%. Only 22% of agricultural areas in the region are under irrigation. To meet the challenge, more than 20 million additional hectares would have to be cultivated by the year 2000.

Last winter, agricultural production in Israel, Jordan, and Syria, was badly hit by frost. This spring, both Iran and Turkey were hit by a severe drought. In early October, Iran had to

sign a deal with Argentina's National Grain Board for 1.4 million ton of wheat, on top of some 300,000 tons which will be supplied by private concerns. Yet, as witnessed by the recent waves of food riots inside Iran, provoked by both food shortages and price increases, Teheran will need to import much more soon.

Despite last year's record production of 15 million tons, an 11.5 million ton crop this year leaves Turkey 3 million tons short of self-sufficiency, which is expected to cost about \$2 billion in lost exports and increased imports. Hardest hit were the Southeast and Central Anatolian regions, affecting the Great Anatolian Project for irrigation. A decrease in the water level of the Euphrates in Turkey has had immediate consequences in Syria. It is also endangering the various plans for a region-wide electricity grid as proposed in October by Maher Abaza, the minister of electricity of Egypt.

### Labor

#### Boeing settlement portends corporativism

A settlement was reached in the 47-day-old strike by the International Association of Machinists and Aerospace Workers representing nearly 60,000 workers against the Boeing Company, federal mediator Doug Hammond announced Nov. 19.

The contract was little better than the one which workers originally struck against, granting bonuses of 10%, 5%, and 4%, over the three next years. Wage increases of 10% over three years was what the company originally offered.

The *New York Times*, which noted that the union was the first in years to enter the negotiations with the best cards, hailed the settlement as a continuation of the establishment of a corporativist state. "American companies have been moving slowly away from fixed wage increases, which must be paid in good times and bad. Instead, bonuses and profit sharing are being substituted, and these can rise or fall as a company's fortunes change," in other words, fascist corporativism, which exposes the labor force to ever greater austerity.

● **BANGLADESH** expelled Philippe Beugrand, the International Monetary Fund representative, following a row over Dhaka's fiscal policies.

● **FARM TRADE** liberalization, the gradual elimination of all state support of agriculture, was unanimously opposed by United States, Japanese, and Western European agricultural leaders at a Nov. 14 symposium sponsored by Japan's Central Union of Agricultural Cooperatives.

● **U.S. FARMERS**, caught in a profit squeeze, have seen costs soar 78% since 1977 while prices for their products have risen 44%. Off-farm income in 1988 exceeded net cash income from farming in every state but California, Iowa, and Illinois, according to a USDA report released in early November.

● **AVOIDING** all agricultural chemicals isn't profitable, a 10-year Iowa State University study shows. Agriculture economist Mike Duffy said widespread use of labor-intensive, nonchemical operation is not advisable.

● **HALF OF ALL** Argentines are without sanitation services, and almost half are without potable water, *Clarín* reported of Nov. 6. Lack of investment in infrastructure and maintenance is blamed for the shocking collapse of one of the first nations in Ibero-America to provide sanitation services.

● **COWS** will get catalytic converters if a new fantasy of the Environmental Protection Agency is implemented. The proposal is contained in a report, "Reducing Methane Emissions from Livestock: Opportunities and Issues."