

Business Briefs

Housing

NHBA warns that recession looms

National Home Builders Association president Martin Perlman warned on Feb. 9 that a recession looms because of rising interest rates, a sluggish economy, and the lack of home-building financing because of new Savings and Loan regulations.

The NHBA has lowered its estimate of housing starts for 1990 from 1.44 million to 1.38 million.

Perlman said, "For every 100,000 drop in housing starts, there is a loss of 176,000 jobs, \$4.6 billion in wages, \$1.55 billion in federal, state and local income taxes and \$160 million in local property taxes."

Industrial Production

Stagnation of output underlies U.S. crises

The cause of the mounting U.S. financial and fiscal crises lies with the stagnation of U.S. industrial output, said Henry Aaron of the Brookings Institution, who spoke before the American Economic Association recently and echoed analysis put forward by *EIR*.

Reviewing the decline of productivity gains which averaged 2.5% yearly between 1950 and 1973 and 1% from 1973 to 1988, Aaron said, "Had gross output per hour in the United States grown from 1973 to 1988 as fast as it did from 1950 through 1973, output would be one-fifth larger today than it is. Government revenues at current average tax rates would be a bit under \$200 billion larger in 1988 than they turned out to be. Outlays would be smaller by some tens of billions of dollars because of reduced interest on a smaller debt. Given other expenditures as they are, the United States in 1988 would have been facing a budget surplus in the vicinity of \$100 billion, rather than a deficit of \$155 billion."

Aaron's inflection point of 1973 roughly coincides with the growing acceptance of "post-industrial society" doctrine, the oil

shock of 1973-74 and the resulting decimation of the manufacturing base, the accumulating effects of disinvestment in infrastructure, and other policies later codified as "controlled disintegration" by the financial elite.

Infrastructure

Quebec-Windsor rail link launched

The Quebec Bombardier transportation conglomerate, the firm that will be building the rail cars for the tunnel between Britain and the European continent, announced Feb. 13 it will proceed with the design phase of a rail link between Quebec City and Windsor via Ottawa, Canada, that could take its first passengers in 1997.

The projected travel time between Montreal and Toronto will be 2 hours and 45 minutes for a distance that now takes 6 hours by car or bus. Ottawa and Montreal would be at a commuting travel time of some 40 minutes.

The project will cost an estimated CAN\$4 billion, and Bombardier is so sure of its viability that it is not waiting for definite financing commitments to start design work.

Science

Schools request tomato seeds from space

According to a National Aeronautics and Space Administration spokesman, about 3,000 requests from teachers are coming in to NASA per day, to participate in the tomato seeds in space program. A Park Seed Co. representative reported that so far 90,000 classrooms have signed up to receive packets of tomato seeds that spent nearly six years in space aboard the Long Duration Exposure Facility.

The 12.5 million seeds were flown on the recently-retrieved LDEF satellite, and will be distributed to schools to be grown along with control seeds that have been on the ground for the nearly 6 years LDEF was in space. Be-

tween 2-4 million students will participate in the experiments.

A preliminary look at the LDEF, the science laboratory retrieved by Space Shuttle astronauts on Jan. 12, shows the harshness of the space environment, according to project scientist William Kinard at a briefing Feb. 13 at the Kennedy Space Center. In the nearly six years, LDEF had sustained 10,000 or more impacts from micrometeorites and space debris.

LDEF chief scientist William Kinard reports that there was some deterioration in LDEF's structure during its stay in space, but not significant enough to effect the fabrication plans for Space Station Freedom.

Space

Japan puts trio of satellites into orbit

Japan lifted a trio of satellites into Earth orbit Feb. 7 aboard a two-stage H-1 rocket. "The satellites all have to be put into different orbits, so it's quite difficult," said an official at the National Space Development Agency of Japan.

The satellites separated and entered different orbits, although the precision of the orbits was still being checked, the space official said. The United States, the Soviet Union, China, and the European Space Agency have previously orbited multiple satellites from one rocket.

The Marine Observation Satellite-1b (MOS-1b) is part of an international network of Earth observation satellites and will monitor temperatures, precipitation, and other features of the oceans and continents. It will augment data sent by MOS-1, an identical satellite launched in 1987 that is due to die next year.

A second satellite, DEBUT, short for Deployable Boom and Umbrella Test, is designed to sharpen skills Japan will need after it attaches a module to the U.S. Space Station Freedom in the late 1990s. It will test deployment of a boom and tether into space, techniques that will be used to transport experimental platforms away from the vibrations and magnetic fields that infect the environment inside a spacecraft.

Briefly

● **MEXICAN** President Salinas de Gortari told a meeting of the National Population Program 1989-1994 that Mexico's present population rate of 2% a year is too high, and must be lowered to 1% a year by the year 2000.

● **MICHEL CAMDESSUS**, the director of the International Monetary Fund, admitted at a ceremony after the signing of the Mexico debt deal Feb. 4 that "certainly, the deal implies . . . lowering living standards now to the benefit of a greater level of well-being in the future."

● **THE BANGKOK**, Thailand police department plans to have its 160,000 personnel tested for AIDS following a discovery that four police trainees have contracted the fatal disease. The large-scale testing will cost about \$320,000, *The Nation* reported Feb. 8.

● **AUTO DEALERS** in the U.S. lost an average \$22,441 per dealership in 1989, compared to a profit of \$91,605 in 1988, according to the National Automobile Dealers Association. It said it expected dealers to lose money in three of the next seven years, and for about 10% of the current 25,000 dealers to go out of business.

● **A GAS PIPELINE** from Iran to Calcutta, India was suggested by Iran's Deputy Minister of Mines and Metals, Ahams Ardakani, at an energy conference in New Delhi. He said Iran is willing to invest in production facilities, and invited India and Pakistan to share in the \$11.7 billion cost of the pipeline which would pass through Pakistan.

● **UP TO 50%** of known U.S. oil reserves may have been abandoned, according to an Energy Department study. Even if prices rise to \$34 a barrel, the study predicts that 60% of oil reserves, excluding Alaska, will be abandoned.

The third satellite will provide satellite communications to radio amateurs around the world.

Health

Brazil child death rate preventable, says M.D.

Half a million children die of malnutrition and preventable diseases in Brazil every year, Dr. Ricardo Veronesi wrote in the daily *O Estado de Sao Paulo* Feb. 9.

Veronesi specified diarrhea, malaria, and tetanus as diseases which take tremendous tolls. Veronesi, a candidate for health minister in the Fernando Collor administration, protested that the federal government allocates only 3.5% of the Gross Domestic Product to health care.

Veronesi also charged, "the AIDS epidemic, which is causing the infection of more than one million Brazilians, is propagating rapidly." He protested that "the state and federal governments offer no more than 500 beds for the treatment of the 10,000 AIDS victims in the country, made worse by the criminal fact that none of them is offered proper treatment to impede evolution towards death."

AIDS

P.R.C. case figures take sudden jump

A sudden leap in the number of known AIDS cases in the People's Republic of China has forced a change in focus from "foreigners" to other causes of contamination, Reuters reported Feb. 11. Health Ministry officials issued an alarming report on Feb. 7 which said AIDS (acquired immunodeficiency syndrome) was spreading fast in China and that 153 Chinese and 41 foreigners had been infected with the virus, compared with just a few cases previously reported.

"AIDS in China is no longer a myth. The spread of this disease is in fact very serious,"

state radio quoted senior health ministry official Dai Zhicheng as saying. "The situation shows that AIDS has not only arrived in China but it is also spreading fast," Dai said. "Our abilities to control this disease are limited and we do not have the whole situation in hand."

The reports did not say how many of the infected had developed full-blown AIDS symptoms.

Chinese medical experts are calling upon the government to set up blood monitoring groups and start testing all donors as soon as possible. Prof. Wang Aixia of the Beijing Union Medical College told a conference on AIDS prevention and control that high costs prohibited the use of disposable syringes in China, but said all needles must be strictly sterilized.

The New China News Agency said the increase came to light after an inspection among drug addicts in China's southwestern border region where there is a growing trade in opium and its derivative heroin. "AIDS in China is still at its primary stage but the spread of the disease is threatening all the people of the country," it said.

Chinese doctors admit that the level of hygiene in some hospitals is appalling. China does not have the infrastructure to test all blood donors, who are rewarded for giving blood.

Defense

U.S. industry finds new customer: Russia

A major U.S. defense industry contractor whose programs are being eliminated with the drastic defense budget cuts, has contracted to supply similar equipment to the Soviet Union.

General Motors has agreed to supply the Soviets with up to 600 of its Model 250-C20 turbine engines for a new Soviet commercial helicopter. The engines would be manufactured by GM's Diesel Allison Division in Indianapolis.

That GM division is the main contractor for the engines for the tilt-rotor V-22 Osprey, a hybrid helicopter and fixed wing aircraft, which is the largest military program proposed to be cut from the U.S. defense budget.