

# Business Briefs

## Environment

### U.N. energy group boosts nuclear

The energy sub-group of the United Nations "working group 3" of the Intergovernmental Panel on Climate Change, will shortly release its recommendation that nuclear energy offers the best means to cut carbon dioxide emissions. While predicated on the phony "greenhouse effect," the recommendation does boost investment in nuclear energy.

The group, chaired by a Japanese, shows the comparison in CO<sub>2</sub> emissions using various energy forms including coal, oil, natural gas, and nuclear. Nuclear power, argues the chairman, is the only feasible means to reduce CO<sub>2</sub> and not destroy rates of industrial growth worldwide.

The July 2 London *Guardian*, in a hostile report on this, claims to quote "scientists who say spending on nuclear power is a waste of resources which prevents real solutions from being implemented."

## Capitalism

### France following German model, says Fauroux

France is moving towards the German model of capitalism. French Industry Minister Roger Fauroux stated in an interview with the July 2 *La Tribune de l'Expansion*.

"I am for the German model which has been a fantastic success. There, finance is really in the service of industry," he said. Fauroux said France is already adopting the German model without needing to have a theory. According to Fauroux, who once headed the Saint Gobain Co., France is not industrialized enough. He has set up a program to favor growth of small and medium-sized industries, especially in high technology areas.

Given the "great traumas" that result from uncontrolled raids, it is indispensable, he said, for the state to have part of the capital of certain companies. Sectors needing to be protected are defense, automobile, and parts of the electronic industry.

Fauroux said that French industry is grow-

ing again after 15 years of stagnation. The major problem is getting more capital and a greater savings base, he noted. If France wants to build up central Europe, continue helping developing nations, and modernize their own production, there must be more savings and help from financial markets. Therefore, he is promoting interpenetration of banks, insurance, and industry, a "factor of power and stability which Germany offers us an almost perfect model for."

## Liberalism

### U.K., U.S. economic experiments failed

European Commission president Jacques Delors declared that the "ultra-liberal" economic experiments of Great Britain and the U.S. have failed, and that East European countries would be better off looking to West Germany as the best model for the development of a mixed economy, where liberalism and state intervention were combined.

Speaking at a conference in Brussels on July 6, Delors said that the "ultra-liberal" experiment was "on the way out, because it did not produce the results expected of it."

Delors added that "we have to work for a new equitable world economic order," with reduction of the debt burden on debtor countries being a key aim, since the current distribution of money represented a "fantastic obstacle to the resolution of the world's imbalances."

## Austerity

### Galbraith says 'shock therapy' is insanity

Economist John Kenneth Galbraith attacked the "shock treatment" being advocated for Eastern Europe economies, and for the West's "casual commitment to human deprivation, to unemployment, inflation and disastrously reduced living standards," in a speech to a conference in Brussels on July 5.

Galbraith criticized the "primitive ideology" of those Western economic advisers who

are calling for "shock therapy" and "privatization" reforms for the Eastern and Central European countries. Such reforms can only cause "human suffering and despair." Galbraith said that such Western advisers were demanding unemployment and a slash of living standards. "This, I choose my words carefully, is insanity."

He advised these countries to carry out measures to reduce human suffering and despair, and to act gradually. "Sudden action . . . is for those who do not themselves suffer, do not think before acting, who proceed by formula, not fact," he said. Galbraith pointed out that it took a decade and longer for Western European economies to become reestablished after World War II.

## Middle East

### Several infrastructure projects advance

Yuval Ne'emann, upon becoming Israel's new Science and Technology Minister, announced that he would change the name of his ministry into Science and Development and reactivate several leading projects in the Middle and North African regions.

During a ceremony in Erfurt, East Germany in early July, he announced that one of the leading projects he wanted to reactivate was the construction of a canal linking the Mediterranean to the Dead Sea for the production of hydroelectric power. Originally studied in the 1980s, the project had been killed by the International Monetary Fund and the U.S.

At the same time, some \$200 million of \$920 million promised has been made available to Egypt by Kuwait for the reclamation of up to 400,000 acres of land in Northern Sinai and the construction of infrastructure facilities in the region. The project, considered strategic by the Egyptians, will have the double aim of creating a second delta for the Nile and establishing a food production base in the Sinai. The project calls for the employment of up to one million people in that area.

The Maghreb Railway Transport Committee has also announced that a high-speed railway line linking Rabat to Tripoli through Algiers and Tunis, would be completed between 2005 and 2010. The project is to be ratified

during the July Maghreb Arab Summit in Algiers.

## Eastern Europe

### Austerity policies drop industrial output

The industrial output of Eastern Europe collapsed in the first quarter of the year, according to the United Nations Economic Commission for Europe.

Compared with the same period in 1989, industrial output fell 13.4% in the six East European countries of East Germany, Poland, Czechoslovakia, Hungary, Romania, and Bulgaria. Soviet industrial output fell 1.2%. Exports of the six countries fell 14.2%, and imports fell 5.8%. Soviet exports fell 7%, imports rose 6%, yielding a record \$3.8 billion trade deficit.

Poland, which has unwisely chosen to implement Jeffrey Sachs's policy of Nazi-like austerity, was especially hard hit. The Central Statistical Office in Warsaw estimated that Polish industrial sales fell by 28.7% in the first half of the year, the July 10 London *Financial Times* reported. Industrial output generally fell by 33.1%; the light industry sector producing 40.7% less than one year ago. Food production is down by 37.4%, the construction sector by 21.5%, and capital goods investments were down by 10.4%.

In addition to the tightening of credit, the drastic increase of energy prices (1,900% since June 1989) is one of the main reasons for the decrease of production output.

## Asia

### Taiwan's money outflow boosting Red China

Taiwan's money is flowing into the People's Republic of China, helping Beijing boost its foreign currency reserves while draining those of Taipei, a U.S. economic agency said June 16.

A senior official of the Council for Economic Planning and Development said

Beijing's foreign currency reserves had increased \$4.3 billion to \$21.3 billion in the first quarter of 1990, while Taiwan's foreign currency reserves had dropped \$2.4 billion to \$69.8 billion, according to the Central Bank. The official said rising investment in China by Taiwan businessmen had boosted capital outflow from the island to the mainland.

## Energy

### Siemens: nuclear needed for population growth

The world's population is expected to double to 10 billion by the year 2010, and "it is unthinkable that the energy demand for this world population can be delivered by burning coal and other fossil fuels," stated Siemens company chief executive Karlheinz Kaske at a Siemens press conference in London July 7.

Kaske predicted a new nuclear age to provide needed energy. "We feel within the next five to ten years there will be a new nuclear age, and all the big companies are trying to keep their skills in that technological field.

Because of this commitment to nuclear energy, Kaske stressed, Siemens entered into a collaborative agreement with the French company Framatome on nuclear power. He said that a big expansion of nuclear power was the appropriate response to concern over "greenhouse" gases.

## Baltic

### Sweden forges links to Baltic states

The Swedish insurance company Trygg-Hansa has announced it has reached agreement with the Estonian national insurance company Eesti Kindlustuse, to act as adviser, and provide some insurance protection in convertible currencies, the July 5 London *Financial Times* reported.

Trygg-Hansa issued a statement declaring the agreement "an important breakthrough in the development of the West's relations with the Baltic states."

# Briefly

● **THE JAPANESE** government has authorized the \$1.8 billion project for a magnetically levitated (Maglev) 42.8 kilometer rail route connecting Tokyo and Osaka which will transport 10,000 passengers per hour in both directions. After a test period, it will be extended.

● **BY THE YEAR 2000**, 90% of Zimbabwe's workers could be dying of AIDS-related diseases, according to a Confederation of Zimbabwe Industry document released early July. The CZI estimated current levels of HIV infection at between 10-20% of Zimbabwe's population of 10 million. Zimbabwe is among the least poor of sub-Saharan black African nations.

● **THAILAND** will not emulate London or Singapore as it develops a regional financial center, Siri Ganjarnde, an official of the Bank of Thailand told the Bangkok daily, *The Nation*. "We are not going to develop along the lines of an offshore banking center," he said. The plan is to ensure that businesses and investors would obtain maximum benefits.

● **THE DUTCH** ministry of transportation plans to invest 20 billion guilders in the rail sector over the next 10-12 years. One project is the rail-link from Amsterdam to the high-speed route Paris-Brussels-Antwerp, and another is the electrification and modernization of the standard rail grid from the port of Rotterdam to the rest of Europe.

● **SCIENTIFIC** American magazine featured a piece in its July issue which, while reviewing both sides of the "debate" on global warming, demonstrates that there is no evidence to warrant any dramatic actions such as those being considered by several countries.

● **R&D SPENDING** by the top 100 U.S. R&D spenders slowed noticeably in 1989 to 8.7%, down from 10.7% in 1988, according to *Inside R&D* newsletter. U.S. firms in general boosted R&D only 4%.