

Business Briefs

Labor

Tax policies to reduce speculation urged

The formulation of tax policies to reduce speculation and promote orderly economic development was urged by the general secretary of the International Metalworkers Federation at its World Congress in Zurich, Switzerland on June 13-18, according to the July-August issue of *Steellabor*.

General Secretary Marcello Malentacchi warned that "globalization of the economy was creating a new breed of raw capitalism indifferent to human values," and called for "world currency regulation and tax policies to reduce speculation and promote orderly development, as well as a new measure of growth to take into account environmental and social aspects." He also called for a "social clause" in world trade agreements so that Third World workers would not be penalized by companies and governments as they enter the world trading system.

United Steel Workers of America President Lynn Williams led a USWA delegation to the meeting, which included 800 delegates representing 180 unions from 70 countries.

Infrastructure

High-speed rail promoted in China

One of China's leading railroad experts is suggesting the development of high-speed rail systems to alleviate rail transport undercapacity, the Chinese paper *World Journal* reported on Sept. 3.

On Sept. 2, Guo Hongtao, chairman of the Chinese Transportation Association, suggested in an article in the *People's Daily* that the high-speed rail system is the alternative to reduce the burden on the three main lines from Beijing to Shanghai, Beijing to Guangzhou (Canton), and Beijing to Harbin, which currently carry 40% of national passenger flow and 35% of national transportation of goods.

Referring to the quasi-high-speed railroad being built connecting Guangzhou to Shen-

zhen, Guo suggested that China should build a high-speed system on section bases, i.e., use part of the completed section while the rest of the line is being laid out. Guo revealed that China considers the study of developing the high-speed (over 200 kilometers, or about 125 miles, per hour) passenger-rail system as the key project for scientific and technological advancement in railroad transport.

Trade

Brazilian Army offers barter deal to Russia

The leaders of Brazil's Army will propose a barter deal to Russia, to provide that country with grain in exchange for weapons, *Tribuna da Imprensa* reported on Sept. 9. Army Minister Gen. Zenildo de Lucena left Sept. 5 for Moscow to discuss this proposal.

The Army is particularly interested in short-range missiles, tanks, and gas masks, among other items. It is also anticipated that a similar proposal will be made to China and eastern European countries. Russia, as well as several other states which were formerly part of the Soviet Union, is reportedly extremely interested in the Brazilian Army offer.

Education

U.S. adult illiteracy called 'shocking'

Nearly half of all U.S. adults are so limited in basic reading and arithmetic that they are unable to function effectively at work, according to "Adult Literacy in America," a report issued by the U.S. Department of Education on Sept. 8. Secretary of Education Richard Riley said he was "disappointed" with the results of the study, which interviewed some 13,000 adults over the first months of 1992, but he was not surprised. Riley said the results were "shocking" and a "wake-up call to the sheer magnitude of illiteracy in this country."

The results of the study were significantly worse than those of the last study taken in 1985. Young adults surveyed in 1992 demonstrated literacy skills 11-14% below those in 1985.

According to the study, 44 million of the 191 million adults in the United States possess the lowest levels of skills, meaning that they cannot use a road map, understand a simple sentence, or total up even simple sums. Some 50 million Americans are at the second lowest category of skills, which means they cannot use a calculator for even a simple addition, understand a bus timetable, or write a letter explaining an error in a credit card bill. Roughly half of the people in these two lowest skills categories had completed high school, and 15% were college graduates.

Space

Russia, U.S. sign cooperation agreements

Agreements between the United States and Russia on cooperation in space were signed by Russian Prime Minister Viktor Chernomyrdin and Vice President Al Gore during Chernomyrdin's recent visit to the United States. The agreements include a Space Cooperation agreement, a Commercial Space Launch Agreement, an agreement on Environmental and Global Monitoring and Space Sciences, and a memorandum of understanding on the Missile Technology Control Regime. There were also agreements signed regarding development of new projects in the area of aeronautics.

In a background briefing at the White House on Sept. 2, a senior administration official stressed that the United States would adhere to the "baseline space station program" outlined by President Clinton earlier in the year, and that the Russians would "be a bonus to that baseline program," i.e., they were not considering redesigning the program for the sake of bringing in the Russians. "I think we will really be working along two paths," said the official, "one of which will be to get us quicker to a space station, the other which will be to continue the process of doing some really useful science in the meantime."

● **A RUBLE ZONE** was formally created in Moscow on Sept. 7 among Russia, Belarus, Armenia, Uzbekistan, Kazakhstan, and Tajikistan. Russian Prime Minister Viktor Chernomyrdin was quoted on Radio Moscow proclaiming that "this is the first significant step toward a Commonwealth of Independent States economic union."

● **OVER 50%** of first-year college science students in Australia failed basic literacy (grammar, punctuation, and spelling) tests despite having passed high school English, according to a study by Dr. Graham Flanery, a senior lecturer in genetics at Melbourne's Latrobe University.

● **CHINA** is seeking international bidders to help in the construction of the Three Gorges Dam, partly to ensure "high quality," Xinhua news agency reported Sept. 7. The dam is expected to cost roughly \$9 billion and take 17 years to build. It will supply power to the Yangtze Valley and the city of Shanghai.

● **NICARAGUA'S** economy has been further reduced under Violeta Chamorro to rival the poverty of Haiti and Cuba, the Sept. 7 *New York Times* reported. Three years of strict austerity has resulted in 60% of the population being unemployed or underemployed, and most of those working receive less than \$50 a month.

● **GOLD FEVER** in China has nearly doubled the state purchase price of gold to \$16.80 per gram to stimulate production and combat smuggling, *China Gold News* reported. Rising inflation of more than 20% in major cities sparked the rush into gold.

● **THE AUSTRALIAN** government-owned Telecom firm will enter into a joint venture with the Hong Kong-based Hutchison Telecommunications, of which Li Ka-Shin is the main shareholder. The two telecommunications giants are close to finalizing plans to operate a second telephone license in Hong Kong after the domestic market is deregulated in 1995.

The United States was intent on spending \$100 million on the program in 1994 and \$300 million in the following three years. Present at the space discussions were NASA Administrator Dan Goldin and Director of the Russian Space Agency Yuri Koptev.

Japan

Economy stagnating, large-scale layoffs loom

Several recent reports have emphasized that the Japanese economy is stagnating and that large-scale layoffs and industrial cutbacks look certain in the coming year. On Sept. 7, the Japanese government Economic Planning Agency said that the economy is at a "standstill" and "stagnating," the London *Financial Times* reported. Prime Minister Morihiro Hosokawa said that the EPA had been too optimistic in its estimate. In June, the EPA had declared that the "downturn" had already hit bottom; in August, it admitted that it was "somewhat at a standstill." Nevertheless, the EPA is maintaining its forecast of 3.3% Gross National Product growth, compared to 1.5% in 1992.

On Sept. 8, the Labor Ministry said that 40% of Japanese companies are overstaffed, and would be forced to lay off workers in the coming year, due to the effects of the collapse of the bubble economy and the rise of the yen, the *International Herald Tribune* reported. The paper cited private sector economists who estimate that there are as many as 1.7 million "in-house unemployed" workers in Japan, workers who are considered "redundant" under current economic circumstances and who would have already been laid off in the West. Fuji Research Institute economist Masaru Takagi said, "If the yen stays at today's high levels, or goes even higher, companies will no longer be able to maintain in-house unemployed." The ministry survey included eight industries being hit hard by the rise of the yen: construction, electronics, textiles, steel, automobiles, information processing, machinery, and retailing.

On Sept. 10, the Bank of Japan announced that business confidence is at its lowest levels in 18 years. The result of its quarterly Tankan

survey of 7,400 companies, which measures the balance between those who see the economy as good as opposed to bad, stood at -51 for manufacturing industry, as opposed to -49 for the last two quarters. Manufacturers plan to cut capital investment by 5.9% in the tax year ending in March. Also, 19% of companies said that their work forces were too large.

On the same day, the Organization for Economic Cooperation and Development (OECD) said in Paris that the prospects for economic growth in Japan looked even worse than estimated two months ago, and it would have to downgrade its most recent economic outlook published in July.

Health

Diphtheria outbreak in East at epidemic levels

The outbreak of diphtheria in the former Soviet Union, where the economic crisis has been greatly exacerbated by "shock therapy" economic policies, is reaching epidemic proportions. The rapid spread of diphtheria in the former Soviet Union might be the start of a serious epidemic, the World Health Organization (WHO) warned on Sept. 10, revealing that the disease is now spreading beyond the borders of the members of the Community of Independent States (CIS) into parts of eastern Europe. "It is feared that the outbreak of diphtheria in Russia and Ukraine might only be the beginning of a major epidemic," the WHO said.

The WHO revealed that the disease killed 106 people in Russia and 41 in Ukraine in the first seven months of 1993, that a further 6,000 people in the two former Soviet republics were known to have contracted the illness in the same period, and that the number of cases is still growing.

"There are clear signs that the epidemic is now spreading to neighboring countries," the WHO said, citing cases in Azerbaijan, Belarus, Kazakhstan, Uzbekistan, Poland, and Finland. It said the resurgence in the former Soviet Union of diphtheria and other communicable diseases such as cholera was a main topic at a meeting of the WHO's European committee in Athens in early September.