

# Business Briefs

## U.S. 'Recovery'

### **Census Bureau report shows poverty increase**

In a report which is certain to fuel controversy, the Census Bureau said on Aug. 1 that more than one family out of seven in the United States is at or below the poverty level. The report shows a climb in the poverty rate from 15.0% to 15.2%.

In 1979, the poverty rate was at 11.7%. Then, Jimmy Carter appointed Paul Volcker head of the Federal Reserve. The poverty rate was at 13.00% in 1980, the last year of the Carter administration. Reagan retained Volcker, and it was at 14.0% in the first year of the Reagan administration. It hit 15.0% in 1982.

The Bureau described the small rise in the poverty rate as "not a statistically significant change," and Gordon Green, a Census Bureau assistant division chief for economic statistics, said the new poverty rate offered no answer to the question of whether Reagan's policies have hurt the poor. Mr. Green told a press conference that many other factors would have to be considered, such as the impact of specific changes in social programs.

He added that he believed that the poverty rate will drop next year. "We know we are going through a very strong recovery right now," Green said. "My personal opinion . . . is that we will see improvement next year."

## European Economy

### **Jobs threatened in French auto industry**

A new study of the French auto industry proclaims that the industry will not recover unless it gets rid of 70,000 "superfluous" jobs. The study was commissioned by the government and conducted by François Dalle, the Jesuit-influenced head of the L'Oreal cosmetics firm. The recommendation has not yet been examined by the gov-

ernment, but an indication of government policy is expected soon, when technocratic Prime Minister Fabius announces a decision on the fate of the Citroën auto manufacturer. Citroën boss Jacques Calvet has asked for authorization to fire some 3,000 employees to "save" the company.

Figures released by the INSEE and BIPE statistical institutes show that, if present trends continue, some 600,000 industrial jobs will have been lost during the whole of François Mitterrand's presidency (through 1988): 30,000 jobs in the steel industry (through the Steel Plan adopted by the government last spring), 25,000-30,000 in coal mining, 16,000 in the chemical industry, 10,000 in the telephone industry, 10,000 in the shipyards, and so forth, will be lost in the next three to four years. In other sectors, forecasts for the 10 next years are that 60,000 jobs could be lost in bank administration and 300,000 in the agriculture sector.

## Technology

### **NASA develops improved crop-dusting methods**

NASA aerodynamic research is generating more efficient methods for aerial applications of insecticides and herbicides, including high-speed, high-altitude spraying with paraquat.

A new computer code, AGDISP (AGricultural DISPersal) has been developed to account for the effects of atmospheric turbulence, crosswind, propeller slipstream, terrain variations, droplet evaporation, and plant canopy density on particle trajectories. AGDISP was developed jointly by the USDA Forest Service and NASA to provide a basis for detailed study of airplane-wake aerodynamics.

The motion of the airplane's wing generates a huge vortical swirl of turbulence, called the airplane's wake vortex, which is normally generated so close to the spray nozzles that most of the spray is entrained around the vortex, contributing to the problem of uncontrolled and uneven application of the spray onto the target area.

The code was developed in combination with wind tunnel experimentation to find methods "to alter the airplane wake and measure the impact on the spray-deposition pattern," explained Dana J. Durham, an engineer at the Langley Low-Speed Aerodynamics Division. Testing began with a scale-model agricultural airplane at Langley's Wake Vortex Facility and was followed by the use of a full-scale airplane in the 30- by 60- foot wind tunnel there.

These tests were field confirmed by experimental flights at Wallops Flight Facility on Wallops Island in Virginia. An agricultural airplane was flown low over three long rows of adhesive strips, 50 feet apart, spraying solid particles to simulate droplet release. These tests correlated with computer predictions, showing that winglets—small vertical-wing surfaces at the wing tips—could minimize the spray deposition problem by displacing the swirling vortex to near the tip of the winglet, thus moving the turbulence further away from the spray nozzles.

The success of the AGDISP code will allow it to be used to predict changing ground deposit patterns due to design changes in the dispersal system or aerodynamic modifications of the plane. It will also enable an operator to determine whether or not to spray under existing wind conditions and help researchers determine the best operational flight conditions for a given set of atmospheric conditions.

## Ibero-American Debt

### **Debt fight remains tough**

Despite a surface of capitulationist rhetoric from Ibero-American leaders, the international banks will find some unpleasant surprises as their major Ibero-American clients sit down to bargain with them.

Brazil, for example, will begin talks on its debt program for next year by demanding that interest payments be indexed at 3% above U.S. inflation. Thus, it would pay 7%, only half of the 14% it now pays.

## Briefly

● **THE JERUSALEM POST** July 23 reported on the "ugliest manifestations of anti-Semitism in Argentina," based on the statements of Cohen Imach, head of the Argentine equivalent of the Jewish Defense League. He "expressed concern that an anti-Semitic, extreme right-wing agitator from the U.S., Lyndon LaRouche, was received recently by President Raul Alfonsín and obtained considerable publicity in the press for his diatribes against the International Monetary Fund." Attacking the IMF is an ugly manifestation of anti-Semitism?

● **THE PERUVIAN ARMY** has told the Reagan administration that it is reluctantly considering buying \$50 million in Soviet arms. The IMF prohibits Peru from using dollars to pay for Western arms. The Soviets are offering excellent terms, and will accept payment in textiles and other Peruvian products.

● **THE NATIONAL** Association of Realtors said home mortgage rates in June averaged two percentage points too high for the typical American family to qualify for a loan. The family earning the national median income could only afford a house with a mortgage at 10¼%. New fixed rate mortgages are being offered at close to 15%.

● **CLAUDE CHEYSSON**, French foreign minister, issued an ultimatum that there would be no new French investments in Argentina until that country "negotiates a solution of its debt problem with the International Monetary Fund and the Paris Club." Cheysson made a few mild criticisms of the IMF, but insisted that "it would be desirable for Argentina to come to an agreement with the Fund."

● **LATIN AMERICAN** bishops approved a document at the end of their council in Bogotá on July 31 denouncing "an obscure alliance between narcotics traffic and terrorism, and sometimes between the former and some public officials. This alliance threatens modern society."

Argentina is preparing for a big fight with the IMF. It is repaying Colombia, Mexico, Brazil, and Venezuela the money they loaned to keep it from defaulting March 31. And the government agreed with the Peronist unions for another big increase in the minimum wage. It is doubtful the IMF will finally approve an Argentine letter of intent before Aug. 15. If the letter is not approved, \$125 million loaned by banks to keep Argentina from defaulting June 30 will be due. The banks could then try to seize the dollars Argentina deposited in the New York Federal Reserve Bank as collateral for the loan.

*Business Week* says Mexican President Miguel de la Madrid will ask bankers to stretch out loans over 15 years and give Mexico new money that the bankers are reluctant to provide. Bankers are worried that Mexico will free itself from the IMF after Mexico collects all it can from the Fund at the end of next year, and are "currently trying to devise new mechanisms of leverage," the magazine reports.

Venezuela has complicated debt renegotiations by only slowly providing subsidized dollars for private-sector debts. Officials are checking to make sure those dollars were not used for speculation abroad. The Venezuelans are also asking to pay the same, fixed amount of debt service each year.

### International Trade

## Japanese to invest in space-station design

Michiyuki Isurugi, the director general of Japan's Science and Technology Agency, announced today that Japan will be spending over \$6 million next year for space-station design studies. During his trip to Japan this spring, NASA head James Beggs asked Japanese government officials to consider spending, in total, about \$1 billion to build a part of the future U.S. station.

Japan does not currently have a manned space program, and the commitment to participate in the U.S. space station would make possible the flight of Japanese astronauts and

scientists, who would also have access to overall station facilities for experimentation and the development of commercial products.

Japanese officials had indicated that the \$1 billion expenditure over the next eight years on the station would require a significant up-grading of their space programs. Japan has decided to participate in this first round of preliminary design studies, Michiyuki Isurugi stated at a meeting in Tokyo.

Japan also announced recently that they will be building a larger-scale expendable launch rocket which will be capable of placing over 4,000 pounds of payload into orbit by the 1990s, in a second major financial commitment for their space program.

### War on Drugs

## Betancur asks for economic emergency

Colombian President Belisario Betancur asked his congress for emergency powers to solve the economic crisis imposed on Colombia in retaliation for his war on drugs. He said there was no way the state could cover its budget deficit. Betancur said the central bank would have to print money to permit the government to meet its immediate commitments, while a drastic austerity program was being implemented.

When Betancur escalated the war on drugs after the April 30 murder of Justice Minister Rodrigo Lara Bonilla, the mafia fled the country with their capital. The Swiss daily *Neue Zürcher Zeitung* warned Betancur that Colombia would have a crisis if he didn't stop the war on drugs. That article and others in the *Wall Street Journal* signaled that a run was being organized on Colombia.

The hue and cry has now gone up from the group around ex-president Alfonso López Michelsen, drug-runners' spokesman, for the reopening of the *ventanilla siniestra* at the central bank. This was a special facility opened by López Michelsen and closed by Belisario through which drug dollars were laundered with no questions asked.