

# Business Briefs

## Space

### Consortium formed for Sanger space plane

A consortium has been formed in West Germany for the development of the Sanger space plane, according to *Space News* of Oct. 9, 1989. The plane could cost almost \$20 billion.

The initial consortium is entirely German, but plans exist to convert to an international effort commencing in 1993 to develop and test a small flight demonstrator the size of a typical fighter plane, *Space News* reports.

The consortium includes the Ministry for Research and Technology, Deutsche Aerospace (a merger of Dornier and MTU), several universities, and the government-subsidized German Aerospace Research Establishment in Cologne.

Messerschmitt-Bolkow-Blohm (MBB), soon to be part of Deutsche Aerospace, will have the largest industrial role in the project and is responsible for the concept study and aerothermodynamics. MTU is responsible for propulsion, and Dornier is at work on material and structures.

France, at work on the Hermes space shuttle, and Britain, which has just canceled its Hotol aerospace plane, will be excluded from the international effort, but other European, and American, Japanese, or even Soviet cooperation is possible, according to Heribert Kuczera, MBB's manager of system studies.

Development of the flight vehicle would begin about 2005, with the first operational flights in 2010. But Kuczera said the schedule could be speeded up, "if the need and the political vision is there."

## Lasers

### French demonstrate military capabilities

A test of the LATEX carbon dioxide laser was conducted in November in the Aerospatiale company testing facilities in Marcoussis, near Paris. The laser destroyed a missile warhead and an aircraft cockpit.

The laser, mounted on a turret and

equipped with a sophisticated targeting device, was fired at a distance of 700 meters and delivered 40 kilowatts of power. The device will soon be tested on targets moving at speeds of 250 meters per second, or roughly 500 mph.

The next step, the construction of a 400 kilowatt laser weapon system, has been postponed pending possible cooperation with the Federal Republic of Germany, which is active in similar areas of research.

## Pensions

### Unfunded liability tops \$1 billion

The unfunded federal pension liability now tops \$1 trillion, claims the fall issue of *Government Waste Watch*, the publication of Citizens Against Government Waste (CAGW), which was set up by J. Peter Grace.

The unfunded liability of the Civil Service Retirement System alone—taking into account employees already retired and those likely to be—is more than \$481 billion, *Waste Watch* reports. Estimates on the unfunded pension liabilities of state and local governments range from \$160 to \$450 billion.

Pension funds are also increasingly playing the futures markets, even though "most investors won't touch commodities futures, which they regard as risky investments," the *Wall Street Journal* reported Dec. 22. Eastman Kodak, a "leading edge institutional investor," has put \$150 million of its \$7 billion pension fund into commodities futures, and two Detroit municipal pension funds have invested \$32.5 million.

## Political Economy

### British columnist pans 'Anglo-Saxon chaos'

*Financial Times* Lombard columnist John Plender favorably contrasted the economic results obtained by the approach of the Japanese and West Germans to what he calls "Anglo-Saxon chaos," in a Dec. 18 piece entitled, "The

Magic of Unfree Markets."

Now that everybody is talking about the failures of the communist economic system, we should begin to look seriously at the failures of the capitalist system, many of which result from the "ill-considered attempts by the Anglo-Saxons to impose deregulation on their trading partners," he wrote.

"After all," Plender warned, "the larger Anglo-Saxon economies are scarcely attractive models." They suffer from massive trade deficits, "thoroughly unstable financial markets," corporate sectors subject to "shocks and takeovers," and individualistic drives that undermine "social cohesion."

By contrast, the approaches of Japan and Germany have been "beneficial" to their economies. Japan creates a "stable climate for ever more investment in productivity in plant and machinery." Japan "works," he stressed, and it is only the Japanese intervention into the world economy which has "stabilized" the U.S. and prevented calamities.

Should the Japanese follow demands to end credit controls and to undermine the close cooperation of government and industry, this would only cause "unmitigated Anglo-Saxon policy chaos." Chastising "free-market Western politicians," Plender notes that Eastern Europeans are "treading the corridors of the Japanese ministries in droves," recognizing that Japanese policy is saner than that of the "Anglo-Saxons."

## Austerity

### World Bank threatens Bangladesh

The World Bank added its voice to the stepped-up campaign against the government of Bangladesh President Lt. General Ershad, according to reports from the capital city of Dhaka. The bank's representative in Dhaka warned in an interview with Reuters Dec. 17 that foreign loans to Bangladesh (85% of whose budget depends on foreign aid) would suffer if the aid money is not used appropriately. This means that Bangladesh has to stop feeding its population.

The country receives some \$2 billion a year from the Paris Club of credit or nations,

# Briefly

but at the moment, nearly \$5 billion of this aid money is still stuck in the pipeline, unused, because Dhaka is unable to come up with domestic matching funds.

Francis Van Gigch, the World Bank representative, attributes Bangladesh's inability to mobilize internal resources to wage increases—where per capita income is \$170 per year—and to “unwise procurement of food grains.” Van Gigch complains that Bangladesh is trying to buy rice when the country is expecting a bumper harvest. But government spokesmen insist that a “buffer stock” is essential to fight a possible food deficit next year, since—quite apart from the cyclones and other disasters which regularly ravage Bangladesh—good and bad crops have alternated historically.

## AIDS

### India's infection rates higher than suspected

One in every 10 prostitutes in Bombay has been found to harbor the human immunodeficiency virus (HIV), according to a study conducted by the Indian Council of Medical Research (ICMR), the main medical research group in India. According to its estimate, about 70,000 men could become infected every day by these prostitutes.

Even more alarming was the assessment of Dr. Mahendra Trivedi, whose long years of medical practice in squalid areas of Bombay helped the ICMR get the prostitutes to cooperate in its study. According to Dr. Trivedi, 412 prostitutes tested HIV positive in a sample of 2,000.

One-third of the reported AIDS cases in India until last October were from the State of Maharashtra, 80% of them from Bombay. So far, 20 deaths from AIDS have been reported.

The AIDS infection rates come as the International Labor Organization estimated that India has between 3 and 5 million drug addicts, the majority being teenagers and adults under age 30, part of an alarming rise in the number of drug addicts in Asia. The ILO has urged Asian countries to adopt new measures to check the spread of drug abuse and rehabilitation of addicts.

## Infrastructure

### Japanese support Colombian land bridge

Colombian President Virgilio Barco received strong support for the idea of constructing an “Interoceanic Land Bridge” across Colombia from the Japanese parliament and top business leaders, when he presented his plan on a visit to Japan during early December.

Barco laid out his plan of constructing two superports, one on the Pacific and one on the Atlantic, connected by a high-speed rail link and a superhighway, to the parliament and Keidanren, the major businessmen's organization of the country. Former State Minister Muto Kaban, head of the Colombia-Japan Friendship League, called the idea “a great project for the good of the world economy.” Keidanren President Eishiro Saito, who is also head of Nippon Steel, also spoke favorably of the project.

## Energy

### Electricity shortfall will double predictions

The shortfall of electricity by the year 2000 will be twice as big as previously predicted, P. James Adams, a designer of nuclear power plants with the Kansas City engineering firm Black and Veatch, told 3,000 delegates at the Second International Exhibition and Conference for the Power Generation Industries in New Orleans on Dec. 9.

Adams estimated that the United States will need at least 200,000 megawatts of new generating capacity by 2000, instead of the 101,000 estimated by the North American Electric Reliability Council (NERC), and the 137,000 estimated by the Department of Energy. The Council on Energy Awareness, the lobby of the nuclear power industry, estimated that the United States will need 120,000 to 200,000 megawatts of new capacity.

According to NERC, there are now only 395 new generating plants planned, totaling 54,000 megawatts, of which only ten are nuclear.

● **THE RATE OF INCREASE** in expenditures on new U.S. plant and equipment will decline in 1990 to 4.9% compared to an 8.5% increase in 1989, according to a Commerce Department survey. Durable goods manufacturers are planning to cut capital expenditures 1.5%.

● **AIDS VICTIM** estimates by the World Health Organization and French official figures are an underestimation, *Le Figaro's* Max Clos wrote Dec. 6. “Much time was wasted, before the struggle against AIDS began to be organized,” he charges. “We are veering towards catastrophe by the end of this decade.”

● **FRANCE'S HIGH SPEED** Train à grande vitesse, or TGV, set a speed record Dec. 6 using a commercial train of 482.4 km/h, or just above 300 mph. Such a speed could make for travel time between Paris and Warsaw of 3.5 hours.

● **FOOD COSTS** will become significantly higher in 1990, the *Frankfurter Rundschau* reported Dec. 7. Meat prices are expected to rise by 10% or more, dairy and tobacco products by 5%, and prices for many other commodities will be 3-4% higher than in 1989.

● **INDIA'S FOREIGN DEBT** has grown to more than \$51 billion, trebling the debt-service ratio from 8% of foreign exchange earnings in 1980 to 27% in 1989, according to a World Bank document released Dec. 17. Medium- and long-term debt increased from \$25.6 billion in March 1985 to an estimated \$44 billion in March 1989.

● **RESEARCH** and development spending in the United States will barely keep up with inflation in 1990, according to *Research & Development* magazine Dec. 14. Total R&D spending is expected to rise only 5.6%, with large companies spending only 8.0% more, compared to an increase of 12.0% by European and Japanese companies.