

# Business Briefs

## Education

### Most other nations outspend the U.S.

The United States spends less on elementary and secondary education than most other industrialized countries, relative to the size of each country's economy, a new study by the Economic Policy Institute has found.

The U.S. spent 4.1% of its national income on elementary and secondary education, compared to 7.0% by Sweden, 5.9% by Austria, 5.8% by Switzerland, 5.3% by Norway, and between 4.2% and 4.9% by Belgium, Denmark, Japan, Canada, West Germany, France, the Netherlands, the United Kingdom, and Italy. Only Australia and Ireland spent less relatively than the U.S.

The report calculated that the U.S. would have to increase spending by \$20 billion each year to reach the average level of 4.6%.

The White House criticized the report in a statement issued on Jan. 17. The report was based on spending compared to the gross domestic product of the surveyed nations, and said a more accurate calculation is gross spending per student, in which the U.S. finished second only behind Switzerland. Spending on education has increased 27% in the last decade in the U.S., the statement said, adding that the fact U.S. test scores do not reflect this investment "makes it clear that money is not the problem, but rather, how the money is spent."

## Transportation

### U.S. railroad system is shrinking

There are 128,000 miles of railroad in use currently in the United States, 90,000 miles less than in 1960, and the seven major freight-hauling railroads are expected to sell or abandon more lines in the 1990s, the *Richmond Times-Dispatch* (Virginia) reported Jan. 21.

"We have a study that tells us we could abandon about a third of our existing route miles and lose only about 8% of our business,"

said Frank N. Wilner of the Association of American Railroads. "How much smaller is it going to get? There's just absolutely no telling."

Wilner said the fate of the railroads depends upon several factors, the two most important being, 1) the ability of railroads to negotiate labor agreements that are competitive with trucking, and 2) "whether or not government continues to give preference to motor carriers and barge operators by subsidizing their rights of way."

"This is not to say that there's not going to be a railroad industry in the 21st century," Wilner said. "Of course

The question is, 'Will we still be serving 40,000 communities as we are today? Will we still be competing with trucks for highway business? Or will we retrench just to handling primarily coal and grain and steel and ore and lumber and chemicals between just a few major city pairs?'

"We have a lot of money tied up in track and when decisions have to be made as to whether you buy new locomotives that today are running about \$1.5 million each, you have to ask the question, 'Could this money be invested better somewhere else?'"

## Environment

### Clean air bill called \$30 billion boondoggle

The air toxics policy about to be adopted by the Bush administration is a \$30 billion boondoggle, syndicated columnist Warren Brookes charged Jan. 17.

Brookes reports that industry groups estimate the cost of the Air Toxics section of S. 1630 alone to be between \$20 and \$30 billion, 10-15 times the \$1.8 billion now spent for the National Cancer Institute for a disease that kills 470,000 each year. "That represents a cost per cancer avoided of between \$40 million and \$86 million each," he reports.

But based on several studies for "cancers avoided," which he reviews, Brookes wrote, "the likely reduction in cancers is not 350 to 500 a year, but something on the order of 3 to 5, or \$4 billion to \$9 billion per life prolonged."

## Health

### Trauma care system is in shambles

"Trauma system failure is not imminent. It has already occurred in our community," said Dr. David Prentice, the chairman of the medical emergency services committee of the Harris County Medical Society in Houston, Texas.

An estimated 4,000 to 6,000 Houstonians are severely injured each year and require timely and high-tech medical care to survive. "We are not able to ensure in our community that these 4,000 to 6,000 patients will receive appropriate care in a timely fashion," said Prentice.

Ben Taub Hospital, which provides medical care to the county's indigent, now operates the only Level 1 trauma center in Houston, since Hermann Hospital closed its doors to ambulances. "Ben Taub Hospital is already saturated with the people it is charged to take care of," said Dr. Kenneth Mattox, director of Ben Taub's emergency medical services. Houston needs "four to six Level 1 trauma centers, and we have one. That one may not be able to serve you except in a severe emergency."

## Genocide

### Harlem life expectancy less than in Bangladesh

The life expectancy of men in Harlem, New York City, is shorter than that for men living in the Third World nation of Bangladesh, according to a study by two doctors at Harlem Hospital published in the *New England Journal of Medicine*, and reported in the Jan. 18 *New York Post*.

A man in Harlem is less likely to live to the age of 45 than a man in Bangladesh, one of the poorest nations in the world. In Bangladesh, 55% of men live to age 65; in Harlem, only 40% do.

In 1979-81, 6,415 people died in Harlem, which is 96% black and 41% officially "poor," versus 3,994 in an average white American community. The main causes of the "excess

mortality" in Harlem are, in order, cardiovascular disease, cirrhosis, homicide, neoplasm, and drug dependency, mostly linked to greater crime, drugs, malnutrition, AIDS, and poor health care.

The study identifies 53 other mostly minority "health areas" with age-adjusted mortality rates roughly twice the national average for whites.

## Energy

### Japanese agency touts nuclear power benefits

The annual white paper of Japan's Science and Technology Agency, recently approved by the Japanese cabinet, stressed the environmental benefits of nuclear power.

The white paper suggested that industrialized nations increase their reliance on nuclear power to leave more fossil fuels in the ground for developing nations and future generations.

Yukiko Araki, a Science and Technology Agency representative, stressed that the use of nuclear power was a "key measure" in solving the problems of acid rain and global warming, according to an article in *Insight* magazine.

## Space

### European space program enters second decade

The launch of France's SPOT 2 observation satellite on Jan. 20 from French Guiana, marked the beginning of the second decade of Western Europe's Ariane space program.

SPOT 2, the second of a series of four observation satellites for France's National Center for Space Studies (CNES), will provide high resolution and stereoscopic pictures of the Earth for military, geographic, and agricultural uses. SPOT 1 was launched by Ariane in February 1986.

Ariane has had 16 straight successful launches since September 1987 despite frequent

delays due to technical and labor problems. The program suffered a setback in the spring of 1986 when a commercial payload failed to achieve orbit. The program was given a boost by the explosion of U.S. Shuttle Challenger in 1986 which led to the Reagan administration decision to end the Shuttle's role as a commercial satellite launcher.

## Debt

### Wall Street discovers Brady Plan corpse

Ten months after *EIR* reported its obituary, Wall Street has discovered that the Brady Plan for "helping" the most severely indebted nations, mainly Ibero-America and the Philippines, died.

Headlined, "Brady Strategy: Rest In Peace," the *Wall Street Journal's* Peter Truell on Jan. 23 said, "Latin America is languishing. The Brady debt-reduction strategy, the main U.S. policy effort aimed at that region, is dying."

The Brady Plan has resulted in banks halting further lending, which leaves the debtor countries high and dry, Truell points out. "Measured against Brady's original goal, even the Mexican transaction is a failure. It doesn't reduce the country's debt by much. Mexico's \$100 billion-plus foreign debt, in fact, will probably rise over the next few years."

Truell insists that the only solution for Latin America is more bank lending. But without a reorganization of existing debts, a drastic lowering of interest rates, and a vast infrastructure and industrialization program, debt will merely increase.

In its March 24, 1989 issue, *EIR* had said, "Brady's '20% solution' hoax is doomed to fail," and had correctly identified that Mexico's interest payments would fall by only 6%, instead of Brady's touted 20%; that it wouldn't reduce Mexico's debt, and it hasn't; and that the plan was intended mainly for Mexico, instead of the 15 or more major debtor nations which Brady claimed. To date, Mexico is the only country to even commence Brady Plan negotiations.

## Briefly

● **THE MAGDEBURG, G.D.R.** municipal council passed a resolution addressed to the East German ministry of transportation calling for the new high-speed Hanover-Berlin railway route to include its highly industrialized city. The government proposed route leads from Hanover through Stendal to Berlin.

● **CATERPILLAR TRACTOR**, the leading U.S. producer of heavy construction equipment, attacked the U.S. Federal Reserve for its tight money policy, stating, "there is a high probability that Federal Reserve Policy will push the U.S. economy into a recession." Caterpillar's profit was down 29% for 1989.

● **KELLOGG**, the world's largest breakfast cereal maker, announced its first decline in annual earnings in 37 years, which it blamed on a downturn in sales. Fourth quarter profits dropped 42.6% to \$57.9 million, and dropped 2.1% for 1989.

● **'TAKEOVERS** financed with junk bonds are going to run into some difficulty. Some people have said all along that these things are time bombs waiting to go off," admitted former Federated Department Stores vice president David Poneman, in the Jan. 21 *Richmond Times-Dispatch*.

● **FUNDS FOR TAKEOVERS** are four times higher than for corporate research and development. In 1986, the nation spent \$204 billion on corporate mergers, compared with \$56 billion on R&D, and \$81 billion for plant and equipment, according to James Brock, author of *Dangerous Pursuits: Mergers and Acquisitions in the Age of Wall Street*.

● **'THE MOST DEPRESSING** news at the New York Stock Exchange," the *New York Times* moaned on Jan. 21, "may have been the year's first sale of a seat in that august body. The price: \$390,000, the lowest tab since 1985." The highest price ever paid was \$1.15 million in September 1987, just before the crash.