

Business Briefs

Asia

Soviet weekly praises Taiwan economic model

The Soviet weekly *New Times* printed a feature in its No. 15, 1990 edition, advising that "it's about time we took an objective and closer look at the enormous breakthrough Taiwan has accomplished before our very eyes."

Author Alexander Chudodeyev praised the intellectual circles of Chiang Kai-shek's Kuomintang and said that when they fled from the mainland in the late 1940s, "they were determined to preserve civilization and culture and to hold out against all the difficulties." Today, Chudodeyev writes, Taiwan is a "dynamically growing society in a class with the Asian industrial 'tigers.'"

"Without giving up the traditional values of ancient Chinese culture, the Taiwanese have adopted the latest achievements of the Western economic thought and gear them to their own needs," he wrote.

Chudodeyev stressed that "even 'daily bread' was in short supply" in the 1950s, but because land reform made peasants "masters of the land," farmers met the island's demand for food. "A complete solution of the food problem became possible in the eighties when agriculture became a highly profitable branch of the economy with a far-flung infrastructure," he asserted.

Eastern Europe

Czechs create framework for capitalism

The Czechoslovak Parliament has been in session since April 18 voting laws that change the status of property in the country, creating the legal framework for industrial capitalism.

A constitutional amendment was passed that recognizes private property and extends legal guarantees identical to those protecting state and collective property. Private companies can be established from May 1 without a ceiling on the number of employees or the amount of capital. Joint-stock corporations will be able to be created without prior state

approval. Foreign companies will be able to invest in either existing or new companies, including state enterprises to be turned into joint-stock companies.

The government increased health and social security taxes paid by employers from 15 to 25%, and decided that the state will keep control of companies in national areas of interest including transport, telecommunications, water, energy, and some large industrial concerns—about one-third of the productive sector—rejecting any "savage privatization."

Investment

U.N. says no Marshall Plan for East Europe

There should be no "Marshall Plan" for Eastern Europe, concluded a report released by the United Nations Economic Commission for Europe on April 17.

The report argues that Eastern European nations would not be able to absorb such assistance, even though the money proposed by 24 Western countries is far short of the \$65.4 billion (in current dollars) given to Europe under the Marshall Plan.

The report claims, contrary to sound economic policy, that donations should be minimal and technical assistance—which the U.N. economists specify as financial, judicial, institutional, and other overhead to help obtain reliable statistics purportedly indispensable for a market economy—should come first.

Finance

Prudential-Bache leaks Brady Plan for U.S.

The client report for the third week in April from the Wall Street brokerage firm Prudential-Bache, elaborated on Bush administration plans for the top-down reorganization of U.S. financial markets.

Citing Treasury Undersecretary Robert Glauber, who has been identified as a key member of Brady's secret "financial market

crisis team," Prudential-Bache says Brady plans to 1) merge S&Ls into banks (which *EIR* predicted eight years ago); 2) eliminate the Office of Thrift Supervision; 3) merge the S&L insurance fund, FSLIC, with the one for commercial banks, FDIC; 4) slash deposit insurance levels from \$100,000 per account to \$50,000; 5) repeal the 1930s-era Glass-Steagall law forbidding banks from trading securities; and 6) reshape financial regulation.

"Brady is so concerned about the massive S&L bailout and federal exposure to other financial ills that he wants a top-to-bottom overhaul of the financial industry on a par with legislation of the 1930s," the letter read. It added that the official details will not be made public until *after* the November 1990 elections.

Infrastructure

Supertanker system at breaking point

The system regulating supertankers in port is stretched to the breaking point, according to an internal Coast Guard study completed last October and secured by the *Seattle Times* through a Freedom of Information Act request.

According to the study, entitled "Report of the Tanker Safety Study Group," today's oil tankers are longer, wider, and deeper, but were built with 18% less steel. They are being kept in service longer, and are being sailed harder and faster than planned, causing many to develop cracks in the hull. But owners force the captains to keep the vessels in service under increasingly tighter schedules.

Tanker crews have been reduced in size, leading to increased work loads and strains being placed on them. The study reported repeated instances where exhausted chief mates fell asleep while being interviewed by Coast Guard inspectors after arriving in port. Human error is reportedly responsible for 75 to 90% of all tanker accidents.

The report said the Coast Guard does not have the resources to adequately inspect tankers, with less than 20% of the inside of cargo tanks inspected and foreign tankers getting less attention.

Written by a group of five Coast Guard officers headed by Rear Adm. H.H. Bell (ret.),

the report bluntly states, "The Coast Guard cooperates with the owners and operators by allowing ships to be unprepared for inspections by using the old excuse that we are facilitating commerce. While admittedly, part of the Coast Guard's mandate is to facilitate commerce, the more important mission is to ensure vessel and crew safety."

Transportation

GM to produce electric car

General Motors chairman Roger Smith said April 18 that the company will market an electric car for personal use and said GM's goal is to be the first automobile company to mass-produce an electric car that performs as well as current internal combustion engine vehicles.

Smith said GM has completed its business plans for an electric car and is working to complete production plans and marketing and service arrangements.

When GM unveiled its electric car prototype, the Impact, it said consumers expressed interest until they found out it could cost them an extra \$1,500 a year for batteries and electricity. Drivers would have to stop for two to eight hours to recharge the batteries—making long trips unfeasible.

While each of the big three U.S. auto-makers is testing a prototype electric vehicle, the United States lags behind other nations. In Europe, for example, Italy's Fiat will begin selling an electric version of its popular Panda subcompact model in June.

Third World Debt

Nigeria limits payments to exchange earnings

Nigeria has announced that it will limit debt service payments to 30% of its foreign exchange earnings. The announcement came after the member banks of the "London Club" rejected Nigeria's proposal in March to issue a 30-year bond yielding 3% interest in exchange

for \$5.5 billion of debt bearing 10% interest Nigeria now owes to commercial banks.

Nigeria owes \$32 billion to foreign creditors, including \$5.5 billion to Western commercial banks, and was scheduled to pay \$4.5 billion in debt service this year. However, oil revenues, 90% of Nigeria's foreign exchange, have plunged from \$26 billion in 1980 to less than \$9 billion last year, and are expected to be \$7.5 billion this year. Nigerian Bonnie Light crude is selling for \$16.15 a barrel, down \$2 from mid-March and production is running at around 1.8 million barrels a day, 200,000 over Nigeria's quota in OPEC.

Nigeria's Gross National Product per capita has plunged from \$1,090 in 1981 to about \$250 last year.

AIDS

Uganda caseload doubles in one year

Sam Okwaare, the director of the Ugandan government's AIDS control program, said in a speech April 20 that there were 12,444 confirmed AIDS cases in Uganda at the end of February, Reuters reported. This is double the roughly 6,000 cases that were reported to the World Health Organization at the same time last year.

Okwaare said 10.5% of the AIDS victims in Uganda were children under 12. One of the major arguments against insect transmission of the AIDS virus is the supposed lack of infections in this age group.

The Argentine government also estimates that there are between 15,000 and 40,000 carriers of the AIDS virus in that nation, and has warned that intravenous drug use is the means by which the virus is spreading most rapidly throughout the population. Dr. Jorge Uzal, Buenos Aires' medical director, reported at a recent conference in Mar del Plata that there are 100 cases of full-blown AIDS and approximately 10,000 infected in the province of Buenos Aires.

The World Health Organization recently warned that the region made up of Argentina, Uruguay, and southern Bolivia showed a 217% increase in AIDS cases last year.

Briefly

● **GATT HEAD** Arthur Dunkel attacked national sovereignty in an interview at a General Agreements on Tariffs and Trade meeting April 18 in Puerto Villarta, Mexico. "There does not exist a country in the world that can consider itself sovereign in the sector of economic policy," he said.

● **THE PHILIPPINES** approved an electric power-rationing plan for Manila to cope with daily blackouts across the city, Reuters reported April 18. Labor Secretary Ruben Torres said "We don't have sufficient rain to fill our dams which generate electricity . . . compounded by some breakdowns in the oil-fired generating plants."

● **JAPANESE** companies took the four top slots in U.S. patents awards in 1989. Hitachi was granted 1,053 patents, followed by Toshiba (961), Canon (949), and Fuji Photo Film (884). The top U.S. company, General Electric, with 818 patents, was in fifth place.

● **INSURANCE** companies are cutting coverage of personal policies due to unprofitability, the April 23 *Wall Street Journal* reported. Stricter state regulation, increasing competition, and higher costs, including lawsuit settlements, are making lines like auto and home policies into losers.

● **DOWN'S** syndrome may be treatable "within 10 years," Dr. Jerome Lejeune, director of the Center for Research in Human Genetics and Disorders of Intelligence in France, told the Eighth World Conference on Love, Life, and the Family hosted by Human Life International in Miami, on April 18-22.

● **THE SECURITIES** and Exchange Commission is opening a private market for stocks and bonds for institutional investors. It will allow companies to issue securities without the disclosure demanded of firms that offer shares or debt to the public.