

# Business Briefs

## **Economic Theory**

### **Hamiltonian theory of credit revived**

In January, *Production* magazine hosted heads of manufacturing companies to answer the question Alexander Hamilton asked in the *The Federalist Papers*, "Is private credit the friend and patron of industry?"

"The financial side of our economy has taken over the manufacturing side of the economy," said Pat Choate, vice president of TRW. "As a consequence, we've had this hyperspeculation. . . . The straightforward, simple way to create patient capital is to end their tax exemption on short-term trades. . . . We should simply say that there will be a 60%, 70%, or 80% tax on the short-term trades—and let it slide to zero after five years. That will radically change the dynamics."

"We must get more consistent treatment from government," said F. Kenneth Iverson, chairman and CEO of Nucor Corp., the nation's largest operator of steel mini-mills. The government gives a research or an export credit one year, then takes it away. "How can you make any long-term plans under those conditions?"

James Geier, retired chairman and CEO of Cincinnati Milacron, the second-largest U.S. maker of machine tools, said, "For one thing, we need enhanced tax relief on improved, advanced manufacturing capacity. We also need, in our school systems, a method of bringing into the manufacturing base young people with good training. We can do the end training, but we can't do *all* the training."

## **Environmentalism**

### **New evidence suggests dioxin not so dangerous**

"Dioxin may be only a weak carcinogen and . . . the limits on the release and cleanup of the chemical—which have cost American society billions of dollars—may be stricter than necessary," the *Washington Post* reported July 27.

The *Post* story was based on testimony on

new evidence on dioxin—an impurity found in certain insecticides and defoliants—and human cancer presented to a House subcommittee by Dr. Vernon N. Houk, Assistant Surgeon General and director of the Center for Environmental Health and Injury Control at the Atlanta Centers for Disease Control.

The current Environmental Protection Agency standard for traces of dioxin is 13 parts per quintillion in water; Dr. Houk recommended a standard limit 544 times greater than that.

## **Biological Holocaust**

### **Measles up 423% in United States**

Cases of measles are skyrocketing in the U.S., up from 3,411 cases with two deaths reported in 1988, to 17,850 cases with 41 deaths in 1989, and nearly 14,000 through June this year, according to the Centers for Disease Control.

Los Angeles County has seen the biggest single outbreak, 3,497 cases and 11 deaths this year. Most of the victims are children under five years old, the *Los Angeles Times* reported July 25.

Recent national studies show that fewer than half the preschool-age children of the urban poor are properly immunized. Even lower immunization rates were measured among Los Angeles Hispanics, who account for most of the cases in Southern California.

## **Labor**

### **Invest in minorities, says Urban League**

Urban League president John E. Jacob declared July 29 that the "economic self-interest" of the U.S. required a program to develop both urban and transport infrastructure and the skills of minorities. Jacob proposed that an "urban Marshall Plan" concentrate on repairing roads, bridges, and mass transit systems, and make

"investments in human capital," the July 31 *Stars and Stripes* reported.

Jacob warned the Urban League's 80th anniversary conference that unless minorities were brought into the mainstream "this country's living standard will nose dive and we'll lose out to the Japanese and Germans, who make better use of their people." He said that America's "secret weapon" was its "underused, underestimated, underserved minority that is the core of the future work force. America has only one hope of entering the 21st century as a world power and a global economic force. That is its ability to achieve racial parity, and to make full use of the African-Americans and minorities it has so long rejected.

"America has often allowed racism to dictate wrong choices. So it is possible that America would rather endure economic decline than assure future prosperity by moving toward racial parity," Jacob said. "America may just move to racial parity in its own economic self-interest."

## **Soviet Union**

### **Race is on to harvest bumper grain crop**

The Soviet Union is in an all-out race against time to gather and store the bumper crop of the decade. An effort is being made to physically get the crop in, and to ensure that sufficient grain is procured by the state.

In mid-July, a shift in resource allocations was begun, caused by severe shortages of operational machinery, gasoline, and labor. The Army was called in on a scale never before seen, and gasoline was redirected from the urban civilian sector to the harvest regions, producing severe gasoline shortages.

Russian President Boris Yeltsin, writing in the July 26 daily *Sovetskaya Rossiya*, called for emergency measures to give material benefits in return for all who help to save the harvest. He suggested issuing "Harvest 90" coupons which would entitle the bearer to purchase scarce goods, normally available only with foreign exchange. Farmers would be allowed free sale of all produce above that sold to the state.

## Eastern Europe

### Anglo-Americans attack development bank

Anglo-American powers have launched an operation which could lead to the breakup of the European Bank for Reconstruction and Development (EBRD), which was designed to foster the economic reconstruction of the emerging democracies in Eastern Europe, according to the July 30 London *Financial Times*.

"The U.S. and other leading shareholders are pressing Mr. Jacques Attali, president-designate of the new [EBRD], to change his proposals for centralizing power and for setting up an extensive branch network," reported the *Times*. "Attali is being attacked for departing from the agreed framework in concentrating power upon himself as president rather than leaving authority for approving policy and loans with the board of executive directors from member shareholders, as happens with the IMF [International Monetary Fund] and World Bank."

Dissenting "shareholders," described as the U.S., Japan, and an unnamed European country, are threatening to pull out if their demands are not met.

## Cold Fusion

### World hydrogen energy meeting notes advances

Numerous advances in cold fusion research were reported at the World Hydrogen Energy Conference at the University of Hawaii July 23-24. This led one researcher to comment that "cold fusion is definitely alive."

Dr. C.S. Yang and colleagues from the National Tsing Hua University on Taiwan reported that they achieved both excess heat and tritium using an electrochemical cell with a palladium cathode and platinum anode. Over a two-week period, they increased input power from 5 to 75 watts, producing excess heat that varied from 20% to 100% of input power. The lower heat values were measured at the higher-power input values. Tritium was produced at

one to two orders of magnitude above background.

Prof. Bruce Liebert from the University of Hawaii's Mechanical Engineering Department presented his results, in which energy output was five times energy input, working with a molten salt at high temperatures as well as with titanium.

R.T. Bush from California Polytech presented the details of his "transmission resonance" theoretical model. Cold fusion is a surface reaction, he said, occurring in a very thin layer on the surface. The amount of heat per cubic centimeter of palladium is very high—1,000 watts—which is good news in terms of making practical reactors.

## Trade

### New rice flows in Southeast Asia

The emergence of Vietnam as a rice exporter after its long hiatus has posed a new challenge to Thailand, the premier rice-exporting nation in the region. Thai Commerce Minister Subin Pinkhayon reported at the end of June that Thailand's rice exports for 1990 would be reduced by half, to a total of 3 million tons.

Dr. Subin, a member of the National Rice Policy Committee, said the drop from a record export of 6 million tons in 1989 was caused by stiff competition from Vietnam, which dumped low-quality rice on the world market at a much cheaper price. Vietnam exported 1.4 million tons in 1989, and up to 300,000 tons in the first three months of this year, the *Bangkok Post* reported.

One new recipient of Vietnamese rice is the Philippines. As reported by the *Manila Chronicle* July 9, "Six thousand bags of rice have arrived from Vietnam to alleviate a prospective shortage in central Luzon in a reversal of roles that has been a former importer supplying a former exporter." Whereas in 1988 it was Vietnam which was facing famine, today the Philippines National Food Authority has estimated that local Luzon rice stocks for the area's 6.5 million people will last only until August.

● **MARIJUANA** now rivals corn as the number-one U.S. cash crop, according to the July 4 Omaha, Nebraska *World-Herald*. A powerful form of marijuana known as sinsemilla has become a \$20-30 billion a year business. Doctors say that it is much more dangerous than the marijuana of the 1960s.

● **BRITISH LABOUR** Party transport spokesman John Prescott July 24 promised that a Labour government would come up with a proposal for establishing high-speed rail links between the regions and the Channel Tunnel, the *Financial Times* reported July 25.

● **'THE LONG-AWAITED** recession has already started, and is likely to deepen," said *Financial Times* U.S. correspondent Anthony Harris on July 30.

● **SOVIET FOREIGN** Minister Eduard Shevardnadze told International Monetary Fund head Michel Camdessus that "Our country regards membership in the IMF as a logical continuation of its policy of wider involvement in global economic cooperation," according to TASS, the July 30 *Financial Times* reported.

● **POLAND** is dying from its economic reforms. The earning power of the average Pole has dropped 40% since 1989, but food prices have increased 15 times over, the *New York Times* reported July 29. In 1989, an average family spent 38% of its income on food; today it spends 52%.

● **OMBRO A OMBRO**, a Brazilian monthly which "circulates in the three services and is considered the military sector's official vehicle," according to the daily *O Estado de São Paulo*, published an article by Lyndon LaRouche entitled "Economy and Freedom" in its July edition. LaRouche is identified as an economist and founder of *Executive Intelligence Review* magazine.