

# Business Briefs

## Transportation

### Airlines headed for a disaster in U.S.

A report by the Transportation Research Board, an arm of the National Academy of Sciences, foresees a "bleak" future for the country's air transport system, according to the Oct. 15 *Wall Street Journal*. The group predicts that the number of airports with "significant delay problems" will increase from 21 in 1987 to 39 by 1997, as passenger traffic, now running at 1.3 million per day, heads toward 2.5 million by early in the next century.

The group recommends construction of major new airports; expansion of existing secondary airports into new hubs; investment in more modern air traffic control equipment; development of a new aircraft, capable of carrying twice the passenger load of current models; and continued "investigation" of high-speed rail lines for intercity passenger traffic.

The report notes that the system's infrastructure has not been substantially improved in 20 years and could cost into the hundreds of billions to upgrade.

In the current budget fracas in Washington, proposals to increase the gas tax and the airline ticket tax specifically avoid earmarking the funds for maintenance and improvement of the highway and aviation systems, as was originally intended.

## Poland

### Walesa calls for debt moratorium

Polish Solidarnosc leader Lech Walesa called for a 50-year debt moratorium for Poland in remarks to the Oct. 13 London *Financial Times*, clearly indicating what he hopes to win from the West if elected President on Nov. 25.

"I understand the West doesn't want to forgive Poland's debts because that would create a precedent, so let's agree: I give it all back starting 50 years from now," he told the *Financial Times*.

Officials of the International Monetary Fund and are worried over Walesa's recent

campaign statements that he won't hew to the IMF's austerity policy for Poland. That policy, adopted by the government of Prime Minister Tadeusz Mazowiecki last year, has cut Polish industrial output by 30% and sent unemployment skyrocketing.

Walesa told a campaign rally that if elected, he would keep open factories otherwise slated to close under an IMF-dictated privatization policy, until ways could be found to create new jobs. Such statements by Walesa are "raising fears in the West that Poland may put off crucial parts of its economic reform program, endangering the backing of Western banks and similar reform movements throughout Eastern Europe," a *Journal of Commerce* report threatened.

The reaction of "international bankers to Walesa's statements, has been swift," says the report. Said an IMF official, "Obviously," what Walesa is proposing "would slow down the so far impressive program of Poland's economic reform effort. . . . Any slackening of the reform program would adversely affect the progress that has been achieved. . . . The program is in place . . . and we have every expectation that it would be carried through."

Walesa's statements are the "clearest break yet" with the Mazowiecki capitulation, and the "first explicit operational difference between the two presidential candidates," opined the report.

## Economic Policy

### A liberal calls for 'World War II' recovery

Robert Kuttner, economics editor of the liberal *New Republic*, says that a World War II-type recovery program, "without the bloodshed," may be the only way out of a self-feeding spiral of deflation and contraction for the United States. His article, entitled "The abyss," in the magazine's mid-October issue, offers a comparatively realistic assessment of how deep a depression the U.S. economy is in.

Kuttner highlights the unprecedented levels of debt that make the financial system sensitive to dislocations whose shock effects could normally be contained.

Kuttner holds out little hope that such a

scenario can be averted. He says that a concentrated federal effort to restart the economy like that of the early 1940s (which he oddly calls a "public works" program) is probably the only viable option for the U.S., but is "beyond what, for the present, is politically imaginable."

Only "Dr. Win-the-War" solved the depression of the 1930s, he says, and created technological advances that propelled the economy for decades to follow. Kuttner says the U.S. needs an "anti-laissez faire coalition," including realistic businessmen, to bring about such a policy.

## Soviet Union

### Russian priest blesses first commodity exchange

A Russian Orthodox Church priest blessed the opening of the new commodity exchange in Moscow Oct. 16, in what is evidently the revival of an ancient Russian tradition: welcoming the money-changers to the temple.

The blessing took place in a hall that was formerly the headquarters for Comecon transactions.

The room had an altar with candles and an icon to the Virgin Mary, as the priest engaged in liturgical singing before exchange members and priests, and exclaimed, "Pray to the Lord."

## Irrigation

### Water discovered under Egyptian desert

Northern Egypt has enough water in underground aquifers to irrigate 200,000 acres for the next 200 years, from only one exploratory well dug so far, according to estimates published in the London-based *New African* magazine.

The article, "Egypt finds water beneath its sea of sand," reports on research out of Boston University's Center for Remote Sensing, un-

derthe directionof Dr. Farouk al Baz. Satellite images show that there might be eight distinct aquifers in the region. Archaeological evidence indicates that ancient irrigation systems fed as much as 1 million acres of land from these aquifers via deep wells.

*New African* points out, "With civil wars also raging in the two Nile Basin partners [Sudan and Ethiopia], Egypt became acutely awareofits vulnerability toevents at the distant sources of the river. . . . In 1984, satellite overflights . . . and use of the 'Big Camera' remote sensing confirmed the location of significant bodies of underground water."

## Labor

### Number of 'hyper-poor' skyrocketing in U.S.

The number of "hyper-poor" has mushroomed in the United States during the Reagan-Bush "recovery," according to a feature article in the Oct. 15 *U.S. News and World Report*.

Twelve million Americans, 4.9 million of them children, are considered hyper-poor, meaning they subsist on a cash income amounting to less than half the official poverty level, which is set at \$12,675 for a family of four. A hyper-poor family of three makes do on less than \$4,945 a year, the cost of a moderately priced used car.

The percentage of hyper-poor has risen astronomically over the last decade. In 1989, the 12millionpeople—one of outevery20 Americans—who lived below half the poverty line, represented an increase of nearly 45% from 1979, when unemployment was roughly the same as today. The incidence of extreme poverty grew most rapidly among blacks, 1 in 7 of whom fit this category.

The hyper-poor live in unbelievable destitution, and account for much of the skyrocketing number of homeless Americans. *U.S. News and World Report* cites the case of Chuck Davis, a middle-aged man who was permanently injured in an industrial accident, and whose total income is now a monthly \$165 relief check. Davis has lived for the last three years in an 8×5 foot cubicle in Chicago, with just a chicken-wire ceiling and plywood walls

to separate him from the 30 men who sleep in adjoining compartments.

## Development

### German minister proposes 'peace corps'

Young Germans should work in a German "Peace Corps" for Third World development, proposed Jürgen Warnke, Minister of Third World Affairs, at a political event of his Christian Social Union party in Augsburg, Bavaria Oct. 9. The CSU is part of Chancellor Helmut Kohl's governing coalition in Germany.

Warnke said that because of the plans for a reduced German military in the 1990s, young people should be given a meaningful perspective of service in civilian projects. Such a perspective exists in respect to developing nations.

Warnke also recommended that a debt moratorium be granted to the poorest of the Third World nations, which should, he said, be given new credit at no interest—in fact, a subsidy, which never need be repaid. Recipient nations, as they develop, become developing markets for export of German goods. Nothing is therefore lost by not charging them interest or even principal for trade credits. On the contrary, much more than chargeable interest rates is gained by taking this approach, he said.

## Energy

### Japanese launch pro-nuclear campaign

A "Nuclear Energy Public Understanding Campaign," financed in part by a \$74 million grant from the Ministry of International Trade and Industry, has been launched in Japan.

On Oct. 26, Japan's official Nuclear Power Day, power plants will take visitors, conferences will be held, and special television programs aired. MITI has allocated virtually all the tax money set aside for alternative energy development to nuclear power.

# Briefly

● **AN OPTICAL FIBER** communications cable connecting Frankfurt with Moscow via Berlin and Warsaw will be laid in the 1990s if proven feasible by a commission of experts now studying the project. An agreement was signed between German and Soviet officials Oct. 8.

● **'THE DEEPEST** recession since the depression of the 1930S," is the way economist Philip Braverman of DKB Securities, an arm of the Japanese Dai-Ichi bank, described the current situation at a recent luncheon. Braverman warned that the U. S. was in a disastrous process which would "sooner or later become a global disease."

● **THE U.S. SENATE** has adopted a bill to curb the use of drift nets of more than one and one-half miles in length in all U.S. waters, and prohibits their use by U.S. fishing fleets anywhere on the high seas, under the rationale that it is destructive to dolphins and other marine life. Some 50% of animal protein in the Third World is from fish, and the bulk of this is obtained through drift netting.

● **JAPAN** will ask Germany to begin talks on establishing a fixed airline route between Berlin and Tokyo. Lufthansa airlines has submitted a petition calling for the opening of a direct flight service between the two cities, and Japan Airlines Co. has informed their ministry of a desire to extend services to Berlin.

● **MATSUSHITA ELECTRIC** and Mitsubishi Corp. have announced that they have established a subsidiary in Warsaw, Poland, to manage after-sale services for Matsushita's consumer electric products.

● **THE WHARTON** School of Business at the University of Pennsylvania still has a protrait of bankrupt graduate Donald Trump in its lobby, as well as a portrait of the chairman of the indictment ridden Drexel Burnham company. Its most-prized graduate locally is Wilson Goode, mayor of bankrupt Philadelphia.