

# Business Briefs

## Science

### Animal rights groups halt head wound research

A neurosurgeon's research on head wounds has been "derailed" by animal rights groups, *Science* magazine reported Jan. 18.

The neurosurgeon, Col. Michael Carey, pioneered in using anesthetized animals to study the kind of brain injuries responsible for half of the single-wound deaths in combat as well as 16,000 civilian deaths per year. Congress cut off funding for the research in 1989 as a result of animal rights protests, and recently the General Accounting Office issued a report that downplayed the positive evaluation of its own scientific panel.

*Science* ran a photo of reservist Carey in uniform to highlight its point: "American soldiers in the Gulf won't be getting the benefit" of his work, "thanks to the animal rights movement," the caption read.

## Monetarism

### Brazil's economy: Zelia's last stand

When Brazilian President Fernando Collor de Mello was inaugurated last March 15, he said he "only had one bullet" with which to kill inflation. He shot it with an economic shock policy called the "Collor Plan." That slowed inflation at the expense of the worst economic crisis in recent Brazilian history.

Collor and his finance minister, Zelia Cardoso, confiscated private savings and reduced real wages by 12.5%, according to the staid Federation of Industries of the State of São Paulo. Reduced consumption brought a record 11.2% drop in industrial activity. Other monetarist tricks to hold down inflation figures included an initial wage-price freeze followed by the government selling tons of gold to keep the local currency overvalued. That, however, made Brazilian exports non-competitive, despite dirt-cheap wages.

In Zelia's latest "last stand," a new shock

program imposed Jan. 31, wages and prices are again frozen—but only *after* the federal government raised what it charges for electricity, fuel, and services by 46-71%. The brunt will, once again, be on wage earners.

Zelia's last stand may—for a brief period of time—reduce official inflation figures from January's hyperinflationary one-month level of 19.9%, but it will not stabilize the economy. Ex-Planning Minister Antônio Delfim Netto, who contracted most of Brazil's \$115 billion foreign debt, is laughing at Zelia, and perhaps waiting in the wings for her job. The creditors are looking forward to a new team which would resume full debt service payments and pay \$9 billion in arrears by rapidly handing over Brazil's choice assets.

## Infrastructure

### Top German banker says: 'Put Europe on rails'

"Putting Europe on Rails," reads the headline of a commentary by Norbert Walter, the chief economist of the Deutsche Bank, in the German daily *Frankfurter Allgemeine Zeitung* Jan. 30. Calling for a coordinated approach to overcome the current compartmentalization of European high-speed rail development, Walter proposed:

- a high-speed, 6,000 kilometer rail grid for transport of persons, connecting Europe's 25 largest urban population centers (a combined 60 million inhabitants);
- extension of the Western European high-speed rail grid into Eastern Europe, including a Berlin-Warsaw-Moscow route;
- management and maintenance of all track by a new European agency, Euro-Rail, which would lease track to state and private rail companies;
- construction of separate tracks for high-speed transport of commodities;
- combined rail-truck systems for transport of commodities;
- interconnection of airports by magnetic levitation trains.

The guiding principle in railroad infrastructure development, Walter recommended,

should be "large-scale pioneer projects to quickly win the acceptance of the population."

The Schiller Institute has announced that it will hold a conference in Berlin, Germany, March 1-3 on implementing the "Productive Triangle" proposal of Lyndon LaRouche to develop infrastructure throughout Europe.

## Development

### Study asks controls on technology exports

The National Academy of Sciences released a study Jan. 31 which effectively endorses the Bush administration's push for "technological apartheid" against the Third World.

Two years in the making, the study claims that, while the East-West conflict has dimmed, "significant and troubling challenges remain in other geopolitical areas, particularly a generally heightened potential for regional hostilities." Some of these problems, "such as the crisis in the Persian Gulf," represent "a direct threat to U.S. interests." Many "are driven or exacerbated by the proliferation of advanced munitions and dual use technologies related to nuclear, chemical, and biological weapons and to missile delivery systems."

Thus, the U.S. needs to bring other technology suppliers, including the Soviet Union, into a new, multilateral arrangement that will focus on preventing the spread of "weapons of mass destruction, such as nuclear, chemical, biological, and advanced conventional weapons to nations in politically unstable regions of the world, such as Iraq."

"The President should invoke the authority granted under the National Security Act to provide detailed instructions on key components of export control policy through the issuance of a national security directive (NSD) for the formulation and implementation of export control policy," says the study.

The study was unveiled just two weeks before President Bush is expected to announce his "Enhanced Proliferation Control Initiative," which will spell out what technologies the U.S. will try to prevent from being sold to the developing sector. It was produced by a

panel chaired by Roland W. Schmitt, president of Rensselaer Polytechnic Institute, and William F. Burns, a retired U.S. Army general, who formerly directed the Arms Control and Disarmament Agency.

## Energy

### NRC votes to allow nuclear plant's takedown

The Nuclear Regulatory Commission (NRC) issued an order on Jan. 24 to allow the license for the completed Shoreham nuclear plant on Long Island to be transferred to the State of New York, which will dismantle the \$5 billion plant. The plant was granted a full-power operating license in April 1989, but has never been allowed to produce electricity due to obstruction by environmentalists, including New York Gov. Mario Cuomo.

The Department of Energy (DoE) issued a statement expressing its "disappointment" over the NRC ruling, pointing out that consumers on Long Island will end up paying for Shoreham three times—to build it, to tear it down, and to buy replacement power. They could end up paying the highest electric rates in the nation, the DoE warned.

Ironically, the decision came at a time when the Persian Gulf war threatens oil supplies. The Long Island Lighting Co., which built Shoreham, is one of the most heavily oil-dependent utilities in the country.

## Asia

### U.S. tries to block Malaysian trade plan

The United States has told Southeast Asian countries to withhold support for a Malaysian plan for a new East Asian Economic Group (EAEG), claiming the proposal would be harmful to free trade. In Malaysia's proposal, Australia, New Zealand, and the United States would be at least temporarily excluded from

the new bloc. It has already won the endorsement of three of its five partners of the Association of Southeast Asia Nations (ASEAN): Singapore, Thailand, and the Philippines.

Unidentified sources quoted by the *Bangkok Post* said that the United States had told Malaysia's ASEAN partners that their interests were better served by working with Washington to restart the General Agreement on Tariffs and Trade (GATT) talks.

Of the other ASEAN countries, Indonesia has asked for more time to study the concept, while Brunei is expected to endorse the proposal.

## Defense

### Aerospace chief warns on research cuts

"We're going to lose the ability to build airplanes," warns Ben Rich, the recently retired president of Lockheed's famous Skunk Works, which designed and built the U-2, the Mach 3 SR-71 Blackbird, and the F-117A Stealth fighter. He told the *Wall Street Journal* Feb. 1 that the U.S. is destroying its advanced technology research programs because of red tape and especially budget cuts.

Rich noted that the legendary Kelly Johnson, who passed away in December, had developed 47 airplanes in 50 years, while Rich himself developed 27 airplanes in 40 years. "My young engineer today is going to be lucky to see one project, an ATF," the Advanced Technology Fighter, Rich noted. "That makes me worry about the entire work force: the tool designer, the welder."

"I've seen young workers today putting hydro lines over electric lines," Rich said. "We never did that because if you have a hydro leak over an electric line, it'll spark a fire. They're losing those tricks of the trade. They're making mistakes. Everything you're seeing now [being used in the Persian Gulf], was developed 10, 15 years ago. We've been going down hill ever since. . . . Technology has to be used. You just can't put it on the shelf or it becomes obsolete."

# Briefly

● **M-1 TANK** production is being shut down, despite the looming ground war in the Persian Gulf. General Dynamics said it is laying off 1,200 workers—one-sixth of its work force—in its Land Systems Division, which builds the U.S. M-1 main battle tank. The Sterling Heights, Michigan plant will be shut down, and mostly foreign orders will be handled at the Lima, Ohio plant.

● **SOVIET** Minister of Transport Nikolai Kormilyov is discussing with his Japanese counterpart a Soviet request for financial and technological assistance to build "high-speed railways" in the Soviet Union, Radio Moscow has reported. The Soviets want such rail links not only between Leningrad and Moscow, but extending to "the southern regions of the Soviet Union's European part."

● **CREDIT CARD** defaults were up 49% in November, to 4.5% of all credit card debt held by the credit-card issuers examined by Moody's Investors Services. Credit card delinquencies rose 35% to 5.9%. Cardholders still able to make their payments are doing so at a slower rate. There are \$30 billion in securities backed by credit card receivables floating around the financial markets.

● **OIL AND GAS** workers in Siberia are preparing strikes, according to Italy's *Corriere della Sera*, triggered by the collapse of living standards and wages in the Siberian oil fields. The mood among the 50,000 who turned out for 25th anniversary celebrations in the town of Streyevoi, was one of frustration and rage at being left in this inhospitable area without a decent wage, food supply, or future. Production levels for 1990 were 10% less than in 1985.

● **THE U.N.** has decided to suspend all food aid to Sudan, since Sudan supports Iraq in the current Gulf War. The U.N. has 1.2 million tons of food ready for 7.1 million Sudanese who are at risk of starvation, say press reports.