

# Business Briefs

## Development

### Catholic journal calls IMF plan 'infamous'

For the first time, a Catholic organ has attacked the International Monetary Fund (IMF), Jeffrey Sachs, and his Polish model by name, and has called for an infrastructure development plan for the East. The unprecedented attack on the IMF appeared in *Il Sabato*, the Italian magazine which often reflects the views of Cardinal Joseph Ratzinger.

"It must be said with utmost clarity that the plans of the IMF for the U.S.S.R. and the East countries are infamous," wrote Prof. Franco Cardini of the University of Florence in the Sept. 14 issue.

"The model of the IMF is the one imposed by the Harvard 'egghead' Jeffrey Sachs on Poland: first of all, payment of debt, then increase of exports, at the cost of slowing down the development of the productive capabilities and of the living standards of the population. The American economic adviser that [Boris] Yeltsin and [Eduard] Shevardnadze like so much (and Grigory Yavlinski is taking this dangerous road) propose for the Soviet Union the usual monetarist recipes based on the assumption that the nominal value of capital is more important than the real economy; the other miracle cure is zero growth (with forced sterilization by chance?) and the old instrument of Adam Smith, the 'free market.' The emerging Russian leaders expect from this to get prosperity: they will get chaos and the new risk of a civil war.

"The former empire needs quite different models. It needs, first of all, a redefinition of infrastructure for the transportation and distribution of goods (railways, highways, canals, electric and telephone lines), then a flexible financial superstructure that allows the issuing of low interest credits for national productive investments that must be helped with tax incentives, and organized in a way that favors above all small and medium-sized entrepreneurs.

"The European Community is in the position to supply not only suggestions, but also capital and technological structures. But all this obstructs the plans of the new world order, that is strictly hooked to the United States, the country that remains (lest we forget) the most

indebted country in the world, and is facing a crisis of production exemplified by the crashes of the stock market and of the big banks. It is this new frontier that reemerging liberalism would like to propose to the former Soviet Union as a way to overcome its old problems."

## Economic Theory

### Kirkland warns of unfettered free market

In his opening remarks to the conference of the International Labor Organization in Paris, AFL-CIO President Lane Kirkland warned that attempts to impose the "free market" model in eastern Europe are nothing more than a new form of tyranny.

"There are those utopians out there who, from the comfort of their own regulated and semi-socialized economies, seem to relish the idea of imposing some sort of grand experiment in free market ideology on the newly emerging democracies," Kirkland said.

Referring to the optimism created by the Marshall Plan in war-torn western Europe, Kirkland warned, "Had anyone tried to persuade them that things must get worse for them in order to get better eventually, they might have refused. They might have accepted the overtures of Stalin and succumbed to the lure of the workers' utopia through communist totalitarianism.

"Yet this is precisely the message that the workers of the former communist dictatorships are receiving today—at home, from the western democracies, and from the elites of international finance.

"Let me point out that the message is Leninist. The idea that in order to improve in the future something has to be made worse to begin with is just another form of 'revolutionary defeatism,' or of Lenin's dogma that dictatorship is the necessary prelude to the universal realm of freedom. That is the doctrine that drives the relentless pursuit of utopia—whether it is undertaken by the right or left or by free-market liberals. In any case, it is a dehumanizing, anti-democratic and dangerous exercise, and it's in everyone's best interest to steer clear of it.

"We must constantly remind ourselves

that societies and states are raised among men to serve, not the faceless marketplace, but the aspirations of real people. If we do not, the end of one cold war may simply herald the dawn of another, between the people and the agents and instruments of another form of ruinous zealotry."

## Labor

### Michigan blacks now worse off

A new report by Michigan State University issued Sept. 5 warns that "Michigan is no longer a land of economic opportunity for a large percentage of black residents." The report made headlines in the *Detroit News* and other area press.

Over the past 18 years, unemployment among black males in Michigan grew three times faster than among white males. The unemployment rate for black males in Michigan in 1989 was 18.2% (11.5% nationally).

The unemployment gap between African-Americans and white residents grew faster for men than women, the result of the collapse of the auto industry.

The report denounces the Bush crowd's "trickle-down effect," stating that it will only "widen the gap" between the rich and the poor.

## Canada

### Thanks to tax, shoppers go south

The *Toronto Globe and Mail* has obtained a study that shows that the Canadian government foresaw the effects of the country's notorious Goods and Services Tax (GST) before it was implemented. The confidential report, written last fall, foresaw an increase of cross-border shopping by Canadians, and predicted an increase of smuggling. It was obtained by the newspaper under the Access to Information Act.

The report noted that the GST would make American goods 3.8% cheaper than the 16%

cheaper they already were before the implementation of the GST. The report notes, "The less expensive goods found south of the border have provided today's shopper with the ability to sustain consumption at a high level while remaining within the confines of his/her budget."

Because the Canadian dollar has risen against the U.S. dollar, U.S. goods are even cheaper than this report anticipated. Canadians are now buying everything, from clothing and food to gasoline, south of the border.

Statistics have been reported showing that single-day border crossings by Canadians to the U.S. have increased from 23.3 million to 28.1 million in the first six months of 1991. This is more than one for every Canadian citizen.

## **Technology**

### **Korea, U.S. to cooperate on super-collider**

U.S. Secretary of Energy James Watkins and Korean Minister of Science and Technology Jin Hyun Kim signed a memorandum of discussion in Washington in September, toward cooperation on the superconducting super-collider. It stated that heads of a joint working group will be named by October and will meet and submit recommendations for future activities of both governments.

This is the second international Joint Working Group established to discuss participation in the project, the first being with the former Soviet Union.

## **Environmentalism**

### **EPA discloses CFC phase-out plan**

The Environmental Protection Agency (EPA) Sept. 19 proposed a total phase-out of chlorofluorocarbons (CFCs) production and imports by the year 2000, in accord with 1990 Amendments to the Montreal Protocol. The ostensible aim is to "help restore stratospheric ozone to

its normal level by the middle of the next century."

By the EPA's own estimate, the "cost to society of switching to alternative substances to replace ozone depleters" will be \$36 billion through the year 2075.

The EPA's proposal phases out, starting Jan. 1, 1992, CFCs, halons (used in fire extinguishers, for which there are no comparably effective substitute), carbon tetrachloride, and methyl chloroform. The proposal will be printed in the *Federal Register* shortly, after which there is a period for public comment before it becomes law.

The truth is that the ozone hole is a natural and seasonal phenomenon. It was first discovered in 1956, long before the widespread use of CFCs. To add to the idiocy of banning man-made substances that produce barely a fraction of the gases erupted each year by volcanoes, EPA head William Reilly described the "innovative, market-oriented" mechanism by which U.S. companies can "trade" the CFC allowances apportioned to them each year by the EPA in decreasing amounts.

## **Agriculture**

### **Dutch study: EC reforms devastating**

If the proposals from the European Commission on reform of the Common Agriculture Program are adopted, they will have devastating consequences on farmers, says a new study by the Dutch Institute of Agricultural Economics. It calculates that the proposal put forward by EC Agricultural Commissioner Ray MacSharry, and endorsed by the EC Commission, would collapse farmer income. Worst hit would be Danish farmers, who would lose some 41% of their income; German, British, French and Dutch farmers would lose between 5-15% depending on farm size.

A meeting of EC national farm ministers in Brussels will decide whether to accept the MacSharry plan. EC farmer unions have called demonstrations against the plan, which began with a Sept. 23 Hanover, Germany protest.

# **Briefly**

● **ONE STUDENT** in every four in U.S. high schools has seriously contemplated suicide, according to a survey by the Centers for Disease Control in Atlanta, Georgia last year. An estimated 276,000 high school students in the U.S. made at least one suicide attempt requiring medical attention in the 12 months before the survey. Suicide rates for adolescents aged 15-19 quadrupled from 2.7 per 100,000 in 1950 to 11.3 in 1988.

● **GERMAN** Chancellor Helmut Kohl proposed the establishment of a German-American Academy of Sciences as "one element of strengthening U.S.-German collaboration." He suggested that there would be centers set up which could be the focal points of exchange of scientists and researchers.

● **CHINA** is the primary source of the deadly new drug "ice," Hong Kong police told Reuters Sept. 6. It is a crystalline form of methamphetamine (speed), is more potent than heroin or crack cocaine, is almost instantly addictive, gives a 24-hour "high," and is just as cheap as crack.

● **JAPAN** will send a delegation of oil experts to survey the fields of West Siberia in October to recommend how to increase output from existing Russian oil fields. Minister for International Trade and Industry Eiichi Nakao has stated that MITI, the Japan National Oil Co., and private firms will be part of the survey.

● **TAIWAN** is limiting large investments on the Chinese mainland to prevent dependence. While no formal ceiling is being set, any project over \$1 million is being reviewed. Recently, a U.S. \$20 million investment in a rubber tire firm was refused the necessary permits.

● **MEXICO** has discovered a vast new oil field, capable of producing 1 million barrels per day and boosting Mexican output by one-third.