

# Business Briefs

## Labor

### Japanese earn more, work less than Americans

Japanese auto workers earned more per hour than U.S. auto workers in 1991, according to the German motor industry federation, the Feb. 20 *London Financial Times* reported. U.S. auto workers are now only the fourth best-paid in the world, while total wage costs (hourly wages, plus benefits) in the United States are the third highest. Both Britain and France now have the lowest wage costs of auto-producing industrialized countries—and the least competitive auto industries.

Meanwhile, the decline in real wages is forcing Americans to work longer hours, according to a study for the Economic Policy Institute prepared by Juliet Schor of Harvard University and Laura Leete-Guy of Case Western University. They found that in 1989, U.S. full-time workers worked 138 hours more a year than in 1989. Adding in a decline in days off and an increase in commuting time, the study found that Americans spent 158 hours more a year at work than in 1969.

The amount of paid time off, which included vacations, holidays, sick leave, and personal days, fell from 19.8 days in 1981 to 16.1 days in 1989, a decline of 18.7%. By contrast, workers in most European countries are given at least five weeks of paid time off.

The study directly attributed the longer work hours to the decline in real wages since 1973, and increased costs of health care and housing.

## Ecological Holocaust

### 'Cholera war' between Peru and Argentina

An outbreak of cholera on an Aerolíneas Argentinas flight from Buenos Aires to Los Angeles Feb. 14 has caused a diplomatic incident between Peru and Argentina. When 65 passengers on the flight contracted the disease, spokesmen for the airline as well as for the Argentine government blamed contaminated

food taken on board in Lima, Peru from a local catering company.

Cholera first appeared in Peru in January 1991, and has since killed 3,000 people in that country. Peruvian Health Minister Víctor Paredes responded that cholera was already present among passengers who boarded in Buenos Aires and denied responsibility for the outbreak.

Rather than admit that the causes of cholera are to be found in the application of the International Monetary Fund's austerity policies which have gutted investment in health and sanitation infrastructure in both nations, both governments are now engaged in a back-and-forth trying to pin the blame on the other.

The Buenos Aires daily *Ambito Financiero* has dubbed the incident "the cholera war." After Aerolíneas Argentinas suspended flights to Lima, Peruvian Foreign Minister Augusto Blacker on Feb. 23 revoked the Argentine airline's license to land at Lima airport, and accused airline spokesmen of making "insignificant and reckless" statements.

On Feb. 24, Argentine President Carlos Menem jumped into the fray, blaming the Peruvians for the outbreak and asserting that cholera in Argentina "is practically controlled," and that cases reported recently are "isolated." Thus far, close to 200 cholera cases have been reported in Argentina.

## Dirigism

### German aerospace chief calls for state subsidy

The role of the state as the sponsor of "strategic technologies" like space research and nuclear fusion is indispensable, wrote Erich Riedl, the German government's chief coordinator of aerospace affairs, in an essay published by the *Frankfurter Allgemeine Zeitung* Feb. 18.

Repudiating General Agreement on Tariffs and Trade-related arguments against state funding of pioneer technology development projects, Riedl stated that scientific research and development in branches such as space exploration and thermonuclear fusion is "of special importance for the productivity" of a mod-

ern industrial economy like Germany's.

"He who decouples from participation in research now," warned Riedl, "will turn dependent on others once revolutionary applications emerge in the future."

Riedl concluded his essay with a proposal for an all-party consensus to exempt pioneer research projects from any budget cuts which otherwise might occur under the dictate of fiscal austerity. "It must be a priority objective," Riedl wrote, "to preserve our top rank in technology in the world economy."

## Technology

### U.S. falling behind in electronics

The U.S. is in danger of rapidly becoming non-competitive in the world electronics industry, as well as the semiconductor industry, the National Advisory Committee on Semiconductors warned in its *Third Annual Report to the President and Congress*.

"At the beginning of a decade that promises unprecedented growth in global high-technology markets, the U.S. firms competing in these markets are experiencing disturbing weaknesses. Many high-volume electronics products, from low-cost goods to highly complex merchandise, are already produced overseas. In addition, concern is growing about the ability of U.S. firms to remain competitive in markets where they traditionally have been strong, such as low-cost segments of the computer and office equipment markets. Across the entire world electronics market, the share produced by U.S.-owned firms has fallen by 14 percentage points since 1985. This market loss translates to more than \$100 billion in lost revenues, given the size of the current world electronics market.

"In part because of these losses in U.S. electronics manufacture, the U.S. semiconductor industry is losing market share. The committee finds that the long-term loss averages about one percentage point per year. And because leading Asian companies are outspending U.S. companies in both R&D and capital equipment, this erosion is likely to continue. In view of the critical linkages that tie

semiconductors to electronics systems in high-technology industries, and because of the enormous barriers to entry in the semiconductor industry, with its high capital costs, large technology-development investments, and the crucial importance of continuous learning to extend the state of the art, the nation must move decisively to maintain a robust future for semiconductors while the industry is still strong enough to respond."

## Public Health

### U.S. ranks low in immunization

According to the latest statistics from the Children's Defense Fund, the United States ranks 17th in the world for percentage of one-year-old children fully immunized against polio. This puts the United States behind countries like China, Albania, Costa Rica, Pakistan, and Mexico in protecting their young.

Taking only the black children of the United States, the United States ranks 70th, behind countries like India, Cuba, Indonesia, Iran, the Dominican Republic, Algeria, Vietnam, Nicaragua, Panama, Rwanda, Sierra Leone, Botswana, and Tanzania.

## Education

### Inland finds work force at fourth grade level

Inland Steel has found that one-quarter of its work force functioned at a fourth-grade level, *Industry Week* reported in its Jan. 20 issue. In a profile of the U.S. steel industry and its attempt to improve quality, *Industry Week* reported that in 1988, when Japanese companies were installing new machinery in Inland's East Chicago, Indiana plant, the Japanese told Inland executives that their workers needed the equivalent of a junior-college education to be able to operate the new machinery properly. Inland surveyed its unionized work force of

over 10,000 employees, and found that over half of them functioned at only a sixth-grade level, and almost one-quarter of them functioned at only a fourth-grade level.

In response, Inland instituted its own education program, which the company calls BEST University. According to *Industry Week*, "Emphasis is placed on reading, writing, oral communications, time management, financial education, and basic mathematics, as well as word processing." However, in order to entice timid workers into the program, introductory classes are offered on such things as "Making Home Movies."

## Trade

### Japanese repudiate 'Thornburgh Doctrine'

"We don't accept this idea of extraterritoriality. . . . We cannot accept the administration of a country's law beyond its territory," a Japanese Foreign Ministry spokesman said Feb. 24, dismissing demands made publicly on Feb. 23 by the U.S. Justice Department for the extension of the so-called Thornburgh Doctrine to Japanese trade and corporate law.

Yuji Tanahashi, vice minister of the Ministry of International Trade and Industry, called the Department of Justice plan "a violation of international trade rules," the Japanese press reported. Another Japanese official said that Japan might retaliate by trying to sue U.S. states and other government bodies for the "Buy American" laws on their books. "No state government has ever bought a Japanese car," he pointed out.

U.S. Attorney General William P. Barr said on the "One on One" television interview program on Feb. 23 that he expects the Justice Department to redefine anti-trust policy so that the U.S. government can sue Japanese companies "to create a useful tool against cartels which are excluding U.S. exports." Barr, the author of the Thornburgh Doctrine of extraterritoriality used by President Bush in Panama and Iraq, also said he will extend U.S. anti-trust law beyond protecting U.S. consumers to include protecting U.S. corporations from the Japanese.

# Briefly

● **ZAMBIA** should not anticipate any significant change in the International Monetary Fund policy toward her in the immediate future, in spite of her trend-setting democratic changeover." World Bank president Lewis Preston declared in mid-February in Lusaka. Following standard IMF austerity policies, the Zambian kwacha was recently devalued 30%, with a resulting price spiral for all goods and services.

● **JAPAN** may give the Community of Independent States (ex-U.S.S.R.) the technology to build a fast breeder reactor and turn weapons-grade plutonium stockpiles into peaceful nuclear power, Japanese officials are quoted from Tokyo. Japan is discussing ways of helping the CIS safely dispose of its plutonium after scrapping nuclear warheads.

● **CHINA** is now constructing the longest and most costly new railway in the world, 1,500 miles long, the London *Guardian* reported Feb. 22. The railway will link Beijing with China's southern coast, and is the first major route built in China in 50 years.

● **MALAYSIAN** Prime Minister Dr. Mahathir Mohamed said that his nation, like any other, has a fundamental right to develop nuclear power and have nuclear technology for peaceful purposes, Germany's Hesen 3 television station has reported.

● **ENCEPHALITIS** transmitted by mosquitoes is a growing threat in the United States, the Atlanta, Georgia Centers for Disease Control warned in a report released Feb. 20. The CDC said that the "tiger mosquito" was found to be a carrier of a deadly encephalitis virus that kills one-third of its victims.

● **MIKHAIL GORBACHOV** said that Russian and CIS monetary affairs should be put under tight International Monetary Fund control, in an exclusive interview on Germany's 2nd Channel TV (ZDF) Feb. 21.