

Business Briefs

Productivity

Illiteracy costs U.S. \$40 billion a year

Illiteracy now costs the U.S. economy \$40 billion every year, reports the Organization for Economic Cooperation and Development (OECD) in a new study. Illiteracy has a negative effect on productivity, the report points out; one-third of the workers employed in the 24 OECD nations could work more efficiently if they could read and write better.

In the United States, the problem is so grave that corporations lose an annual \$40 billion because too many employees cannot read or write. A 1991 U.S. government study found that a frighteningly large number of U.S. high school graduates have problems understanding a simple newspaper article or reading a bus schedule. "Arise in productivity for the OECD countries through technological progress will not be possible unless there is better education," says Donald Hirsch of the OECD's Institute for Educational Research.

The OECD itself played a major role in shaping post-1968 educational reforms in its member states. Not surprisingly, therefore, the study refuses to attribute illiteracy to a decline in general classroom standards, but rather blames an increased quality of the workplace.

Environmentalism

Europeans attack ozone hoax

Germany's largest mass newspaper, *Bildzeitung*, has run a front-page article under the banner headline, "Ozone—Hole or Lie?" The article appeared four days after a press conference Feb. 24 in Berlin by Ralf Schauerhammer, co-author of the new book *The Holes in the Ozone Scare*.

The article quoted Prof. Dirk de Muer of the Royal Belgian Academy of Sciences, who, like Schauerhammer, attacked a recent claimed "ozone hole discovery" by NASA scientists. His own studies of changes in the biosphere led him to the conclusion that the entire

ozone hole campaign is "nonsensical."

"The ozone hole in space is not growing any further, but is shrinking," the Belgian scientist said. "Nature is restoring itself, because the sun is reproducing ozone." Between 1974 and 1982, he said, the ozone layer gained visible strength, in spite of increased output of chlorofluorocarbons (CFCs), the culprit blamed for ozone depletion by environmentalists.

"I have my doubts about its credibility," de Muer said of the NASA announcement, which made international headlines over an alleged find of a giant ozone hole over northern Europe.

Infrastructure

California opens largest desalination plant

The city of Santa Barbara will open the nation's largest desalination plant in early March. The project was approved by voters in 1991, the fifth year of a water shortage caused by drought.

The successful completion of the plant will obviate the need for extreme conservation measures which have been enforced on the city, including bans on lawn-watering and car-washing.

Santa Barbara water official Steve Mack told *EIR* that the plant will supply water for two months and then be temporarily shut down—its output is not needed for the time being because of heavy recent rains.

Powered by the regional electrical grid, the plant passes ocean water through a membrane under high pressure, separating out the salt molecules. The plant was built by Ionics, Inc. of Watertown, Massachusetts, at a cost of \$30 million. The city is completing the final tests on the quality of the desalted output-water. When the state health department approves, the plant is expected to come on line.

Mack said that the city of Morro Bay will open a similar desalting plant, and that Monterey/Carmel, Marin County, and Catalina Island are all looking into developing their own projects.

The *Washington Post* fulminated against

the Santa Barbara project in a large article and editorial on Feb. 28, saying that "skeptics claim" the plant "is a costly folly." The article worries, "Water officials have said the plant could be the forerunner of similar plants along the California coast as cities rush to find new supplies as their populations boom."

Finance

U.S. demands open market of Korea

The U.S. criticism of the pace at which South Korea is opening its financial markets has disgruntled Korean policymakers, although they do not publicly air their discontent, according to the Feb. 13 *Korea Times*.

The United States has described Korea's financial system as "antiquated, closed, over-regulated and discriminatory." Korean critics say this is "an attempt to elicit dramatic concessions from Korea at the fourth financial policy talks in Washington" in March.

In a recent speech in Washington, Deputy Assistant Treasury Secretary James H. Fall alleged, "Our recent financial policy talks with Korea were disappointing, as were talks last September." The Korean Finance Ministry in early February released a list of market-opening measures Korea has made toward the United States, as if to counter the U.S. allegation of "disappointing progress in financial policy talks."

The Finance Ministry said that the United States "seeks a complete revamping of Korea's financial system after eliciting issue-by-issue concessions from Korea."

'Free Market'

Sachs 'therapy' under attack in Germany

Jeffrey Sachs's "shock therapy" economic policy for Poland—the abrupt conversion to an unregulated "market economy"—was attacked as "voodoo in Warsaw" by Stefan Baron, chief editor of Germany's *Wirtschafts-*

woche business weekly. The article advertised and supported as "to the point" an exclusive interview with former Deutsche Bank director Axel Lebahn, who denounced Harvard Professor Sachs.

With Sachs's shock therapy applied under former Polish Finance Minister Leszek Balcerowicz, "market economy and democracy have lost a lot of their previous fascination over the past two years," Baron wrote. Giving a special warning to Moscow, he wrote: "The other states of eastern Europe, Russia most of all, should draw a lesson from that. They have to choose advisers more carefully and approach reforms with more caution."

The arguments of Lebahn, who has been building the German-Russian Business Center in Düsseldorf since his retirement from the Deutsche Bank board a few months ago, are that Russia has entered a transition phase of at least 15 years which does not allow risky "free market" experiments. There is as yet no comprehensive conceptual framework for the Russian reforms. Russia needs a specially designed market economic system, rather than "U.S. skyscrapers in the Siberian tundra." The present Russian reforms, featuring a lifting of all price controls, are a "hoax." The state played an overwhelming role in Russia for decades. Its role cannot be suddenly totally eliminated from the economy, especially not if the supposed alternative is the Sachs "shock therapy."

Finally, he wrote, a convertible ruble is not possible so long as there is no economic stability in Russia, and there won't be any for "years to come."

Science

Yeltsin sets up Russian space agency

Russian President Boris Yeltsin announced on Feb. 25 that a new Russian space agency will be formed, and will be charged with carrying out "state policy in space research and the use of outer space." Most importantly, it is mandated to "cooperate with corresponding state bodies of other members of the Community of Independent States and foreign nations," and will take over "ground installations belonging

to the space infrastructure within the limits of its authority."

For example, mission control for the manned program is in Moscow, but the spacecraft are launched from the Baikonor Cosmodrome in Kazakhstan, while critical manufacturing facilities are located in Ukraine.

Within a period of two months, the new agency, working with the Academy of Science, the Ministry of Science, and an advanced education agency, is to submit a plan for an Inter-Departmental Commission on Outer Space and give a list of its personnel.

To this point, the increasingly "privatized" space program has been appealing to the United States and other nations for joint projects to save former Soviet space capabilities and manpower.

Labor

New catechism will outlaw economic crimes

A new papal encyclical will call for a just income for labor and denounce unjust economic policies as a sin. The final editing of the new pontifical document, sources have hinted, has been influenced to a large extent by Joseph Cardinal Ratzinger, in his function as Prefect of the Congregation for the Doctrine of the Faith. There has been much editing and re-editing of the document, but the view of Ratzinger and Pope John Paul II view is said to have prevailed.

The final version of the document will not be out before early or mid-March, but definitely before Easter. Leaks as to its contents say that it will attack crimes in the economic sphere like cheating, corruption, tax evasion, and usury as incompatible with the principles of a Christian life, because they are violations of the Seventh Commandment, "Thou shalt not steal." These crimes are not simply a worldly affair, but a cardinal sin against God as well as man.

The new moral catechism is also expected to give a more detailed definition than earlier encyclicals of what the social ethics of the Catholic Church holds to be a just economic and social order.

Briefly

● **THE TAIWAN** cabinet approved construction of the island's fourth nuclear power plant in February. Anti-nuclear protests had delayed the project for six years. Work will resume by June if the legislature votes the necessary funds. The \$6.8 billion plant will be completed by the year 2000. Officials said the plant was needed to avert a severe energy shortage. The state-run Taiwan Power Co. was forced to ration electricity for several weeks last year.

● **POLIO** has returned to Jordan after three polio-free years, Health Ministry officials have announced, saying that 32 cases have been reported. A nationwide campaign has begun to immunize 600,000 children.

● **AFRICAN CLERGY**, in the wake of Pope John Paul II's tour of the continent, are said to want the Vatican to launch a "crusade against poverty and injustice," including threats to excommunicate leading businessmen and politicians "who were once baptized but do not act like Christians."

● **A EURO-JAPANESE** space glider project is under discussion in Tokyo between the German government's chief coordinator of aerospace affairs, Erich Riedl, and his Japanese counterparts. One year ago, Riedl proposed a European space shuttle independent of the United States.

● **FOOD STAMPS** are now received by 1 in 10 Americans, or 24.8 million people, according to figures for December 1991 issued by the Food and Nutrition Service. Enrollment was 3.1 million higher than December 1990. It climbed 400,000 in both October and November, for a 1,090,000 increase in three months.

● **A TAPEWORM**, thought to originate with arctic and tundra foxes, has been found in the southern United States. It is not noticeable to the human eye and is slow to manifest symptoms in animals or humans. Its effects include kidney or liver collapse and metastized tumors in the brain and lungs. Surgical treatment is successful in only 50% of cases.