

# Business Briefs

## Investment

### Call for new 'Marshall Plan' for Soviet Union

German Transport Minister Günther Krause, in an interview with the April 24 *Bildzeitung*, and senior Deutsche Bank official Georg Krupp, in comments made to the April 25 London *Financial Times*, called for a Western Marshall Plan-style aid effort for the Soviet Union.

The calls come as the International Monetary Fund has decided that further aid for the Soviet Union will not be forthcoming, a decision denounced in the German Parliament by Christian Democratic Union parliamentarian from Berlin Peter Kittelmann on April 25.

Krause reiterated an earlier proposal for the creation of a special fund for trade with the Soviets, which could work like a swing credit facility modeled on the postwar Marshall Plan credits for Germany.

Krupp expressed his hope that the April 28 Group of Seven meeting would revive the idea of an \$18 billion Marshall Plan for the Soviet Union. Krupp, the Bank's director for Eastern Europe, expressed great concern about growing Soviet foreign debt and inability to meet payments to exporters, but stressed that, nonetheless, the U.S.S.R. needed Western support.

## Biological Holocaust

### Cholera threatens 120 million in Ibero-America

A World Health Organization study projects that 120 million people, representing 25% of the Ibero-American population, are endangered by the cholera epidemic, the Mexican daily *La Jornada* reported on April 27. "The alarming propagation of cholera requires rapid and decisive action," WHO director general Hiroshi Nakajima warned, and he called on the international community to make financial contributions to assist WHO

in carrying out its anti-cholera campaign.

According to WHO estimates, the annual cost of providing Ibero-American countries with potable water would be \$5 billion over a ten-year period.

Nakajima also announced that the WHO has set up a special task force for the Global Control of Cholera. Outside of Ibero-America, new outbreaks of cholera in April have been reported in Bangladesh, Iraq, and on the island of Sumatra, Indonesia.

Cholera continues to advance steadily through the Western Hemisphere. WHO's statistics say that in Peru, there were 158,929 cholera cases, of which 59,229 were hospitalized and 1,130 had died by April 26.

## Defense

### Lockheed wins big jetfighter contract

The U.S. Air Force has announced that a Lockheed-led aerospace consortium will be the contractor team for the Advanced Tactical Fighter. The \$65 billion ATF program for 750 fighter jets will probably be the last major defense contract of the century.

Lockheed, Boeing, and General Dynamics have teamed up to build the YF-22, which emphasizes dog-fighting agility, using fourtail surfaces and thrust-vectoring engine nozzles to maintain a 60° angle of attack in straight and level flight. This ability allows the aircraft to turn inside the maneuver of an adversary aircraft and shoot it down.

Northrop and McDonnell Douglas together built the YF-23, which emphasizes speed and "low observable" (Stealth) technology more than the YF-22, under the assumption that the revolutionary ability of the YF-23 to sneak up on an adversary will relegate dog-fighting to the dustbin of history.

Both aircraft will be able to cruise supersonically; the YF-22 at Mach 1.56, and the YF-23 at Mach 1.43, although maximum speed is higher for the YF-23. Up to now, all military aircraft, except Lockheed's SR-71 Blackbird (retired from active service last year), had subsonic cruise speeds.

Both aircraft use Stealth technology to reduce their radar signature to one one-thousandth that of an F-15, the present U.S. frontline fighter, which is now almost 20 years old.

The *Wall Street Journal* has reported that the losers of the competition, Northrop and McDonnell Douglas, will probably lose the ability to build advanced military aircraft. Bill Sweetman, an aerospace writer, believes the Northrop-McDonnell Douglas YF-23 comes closest to meeting the requirements of the Air Force. However, some Wall Street analysts believe the Air Force chose the YF-22 because the stronger financial postures of Lockheed, General Dynamics, and especially Boeing, will make it easier for the ATF program to survive congressional scrutiny.

## Austerity

### Cholera, measles outbreaks in U.S.

At least eight people contracted cholera in New Jersey in April after eating crab meat flown in from Ecuador, one of the five nations in South America now hit by the cholera epidemic. This outbreak is the third grouping of cases in the United States since the cholera epidemic began in Peru in January.

At the same time, the most serious measles epidemic in more than a decade has broken out in the Northeast, centered particularly in the New York-New Jersey area. The number of cases for the first four months of this year are nearly as high as for all of last year. The epidemics will drastically worsen with the onset of summer, which is the peak season for measles.

"We're viewing this as a real crisis situation," said Dr. Guthrie Birkhead, medical director of the New York State Health Department's immunization program. "We're all anticipating a bad summer. There's no end in sight."

"Most of the cases have been among pre-school-age Hispanic or black children," according to the *New York Times*, "some of them recent immigrants living in neighborhoods

where health care is poor or almost nonexistent, health officials say. But the health risk is not confined to those people. . . . Those born since 1956 may be susceptible, because they may have been immunized with a less effective measles vaccine."

A rising proportion of poor people over the last decade have not received vaccinations of any kind, as bankrupt public health and school systems have drastically cut back on administering and monitoring vaccinations. According to the New Jersey Commissioner of Health, Dr. Frances J. Dunston, "The measles outbreaks that we are seeing are no more than a sign that basic comprehensive health care is not getting to children."

## Development

### Gorbachov eyes Japanese economic model

The Japanese economic model is being seriously studied by the Soviet Union, President Mikhail Gorbachov indicated in his April 17 address to Japanese businessmen in Tokyo, printed in *Pravda* April 18. Gorbachov said, "The mechanisms of the market are not sufficient of themselves when one is talking about a period of crisis."

Gorbachov noted, "We realize that there are problems in that our economies do not match up. One of them has been developing in conditions of a supercentralized command system, the other according to the laws of the market. Although it must be said we observe that there are elements of centralism in Japan's economy as well. This is very interesting to us. . . ."

"We have to combine vigorous business, independence, democracy, and economic freedom with elements of centralism, especially as concerns scientific-technological progress, formation of funds to implement structural policy, and so on and so forth. . . . We value [Japanese] advice because this is the opinion of very competent and well-versed people. Moreover, they have their own recent history of 'perestroika,' of deep-going modernization in their own country."

Gorbachov continued, "A study of the experience of many countries which have found themselves at stages of profound modernization and a transition to a market economy and major structural changes shows us that someone else's . . . model has never been adopted anywhere in their pure form. . . . It seems to me that the Japanese example endorses this. . . . On the one hand, Japanese society has opened up in order to absorb all the achievements of civilization; but on the other it has tried to combine them with the traditions, the character, the experience, and all the realities of its own country."

## Environmentalism

### Tiny cars kill people, air bags or no

Fred Smith, President of the Competitive Enterprise Institute, warned that the argument that airbags can compensate for the lower safety of smaller cars is fraudulent, in a letter to the editor in the April 15 *Washington Times*. Smith blasted the latest bill in the Senate to mandate increased fuel efficiency for cars.

It has been documented that between 3-4,000 individuals die every year in the U. S. because of the current fuel economy standard. The occupants of a compact car have three times the likelihood of dying in a car accident than those of a medium-sized "gas guzzler." Smith points out that air bags will not take care of the difference. "According to a recent paper by Leonard Evans of General Motors' Research Laboratories, the protection offered by an air bag is equivalent to about 400 pounds of added car mass. But a Harvard-Brookings study of the fuel economy law demonstrates that it has already cut more than 500 pounds from the average new car. The net result is that current downsized air-bag-equipped cars are less safe than the cars we had before air bags and before federal fuel economy regulations."

Smith concludes, "By making fuel economy standards even more stringent, Sen. [Richard] Bryan's [D-Nev.] bill would drastically worsen this effect."

● **ABB ATOM**, the Swedish subsidiary of the ASEA Brown Boveri engineering firm, is forming a consortium with the Italian companies Ansaldo and Fiat to develop the Swedish nuclear reactor design PIUS "to suit Italian conditions." Italy banned nuclear energy in a 1989 referendum, and as a result was forced to import nuclear produced electricity from France.

● **WILLIAM PFAFF**, the syndicated columnist, in an article in the *International Herald Tribune* April 17, attacked the German "laissez faire" approach to development of the eastern states. He presents as one possible alternative "massive government subsidy to modernize industry and reconstruct infrastructure in the East."

● **THE HOUSE** and Senate Public Works Committees released a study by the Congressional Office of Technology Assessment April 25, which concludes that the difficulties in transportation and other public works "are the legacies of years of neglect and underfunding of the infrastructure that provides vital public works services."

● **THE FRENCH** state railway company SNCF has invested \$1.8 billion in the development and production of double-decker rail cars for 100 high-speed trains that will increase the passenger transport capacity of TGV routes by 35%.

● **DONALD TRUMP** is about to sign over most of his financial empire to his creditors. Trump's 50% interest in the Grand Hyatt Hotel will go to Bankers Trust, his 27% stake in Alexander's will go to Citicorp, the Trump Shuttle to Northwest Airlines, the Trump yacht to Boston Safe Deposit and Trust Co., and his Regency Hotel in Atlantic City is to be sold to pay Manufacturers Hanover. And 50% of the Trump Taj Mahal casino will be given to bondholders in exchange for new terms on bonded debt.