

Business Briefs

Fiscal Policy

20% of Britons didn't pay poll tax

British courts have issued liability orders against more than 7 million people for non-payment of Margaret Thatcher's hated poll tax, which has recently been repealed, the *Washington Times* reported Feb. 2. The tax has not been repealed retroactively, and the hunt for dodgers is expected to go on into the 21st century. The statute of limitations was extended from two to six years. The tax was so unpopular it contributed to Thatcher's fall from power.

The article gave a few examples of tax offenders: A 77-year-old disabled woman was jailed for failure to pay \$500. The prison officials were so outraged they raised the money to free her after one night. One man was jailed for two weeks for non-payment of \$70, and was the first person to go to debtors' prison since the 14th century for non-payment of a poll tax.

The article says, in fact, that Thatcher didn't learn her history—the last attempt at a poll tax was in 1381, and it sparked the Peasants' Revolt, the first great popular rebellion in English history.

Labor

Attack workers to raise 'competitiveness'

The *Wall Street Journal* cheered figures which showed that manufacturing unit labor costs in the United States declined 0.1% a year, each year from 1985 to 1990, in a front-page article Jan. 27. By contrast, manufacturing unit labor costs rose an annual average of 7.9% in Canada each year; 10.3% in Japan; 10.8% in Britain; 11.0% in France; 11.3% in South Korea; 14.3% in Italy; and 15.6% in Germany.

The result was, the *Journal* thinks, that whereas the United States had the most expensive labor force in the world at the beginning of the 1980s, by 1990 the manufacturing unit labor rate was \$14.77 an hour in the U.S., compared to \$15.23 in France; \$16.02 in Canada; \$21.53 in Germany; and \$21.86 in Nor-

way. Japan's per hour manufacturing labor cost was \$12.64.

The *Journal* then proclaimed, in bold type, "Further improvement in U.S. competitiveness would provide additional muscle for the economy's already strengthening export sector."

'Free Trade'

Canadian opposition grows to U.S. trade pact

The Canadian ambassador to Mexico has admitted that "free trade" with the United States has destroyed the Canadian economy. The ambassador, David Winfield, told the Mexican daily *Excelsior* that opposition to the North American Free Trade Agreement (NAFTA) was growing in Canada as the economic picture got worse and worse.

Winfield said that Canadian unemployment is at 10%, there has been a fall in purchases of domestically produced products, and a decline in investment. He said that the U.S. Congress was concerned that free trade represented "a reduction of sovereignty" and that this fear has led to a reduction of George Bush's popularity.

Russia

'Shock therapy' called big mistake

The biggest mistake of the Russian government was to adopt the "shock therapy" approach carried out in Poland and, to a lesser extent, Czechoslovakia, economists from the Vienna Institute for Comparative Economic Studies told the London *Independent* Jan. 28. Peter Havlik, the institute's deputy director, said that the situation in Russia is "completely different" than in the other two countries. He warned that the recent move to free prices without having other vital elements of economic reform in place "can only lead to chaos and political and social problems."

The second mistake was badly planned privatization, according to Havlik. Both Hun-

gary and Poland found that enterprises were promptly grabbed by their communist managers, and had to apply the brakes while new rules were agreed on. "In Russia, the same thing is happening: the *nomenklatura* is exploiting the general chaos and confused legal situation to get the best firms."

As a result of such mistakes, he stressed, a long period of instability, unrest, and possibly worse, looms in the former U.S.S.R. One of his colleagues forecasts "more riots, local wars, fights between mafias." Havlik asserts, "It will take a decade for these republics to achieve even halfway stable conditions for a market economy."

Environmentalism

Cousteau: Eliminate 350,000 people a day

"We must eliminate 350,000 people a day," world-famous seafarer Jacques Cousteau stated in an interview with the *Unesco Courier* in November 1991. The official U.N. magazine asked: "Some snakes, mosquitos, and other animal species pose threats or dangers for humankind. Can they be eliminated like the viruses that cause certain diseases?" To this Cousteau answered: "Getting rid of viruses is an admirable idea, but it raises enormous problems. In the first 1,400 years of the Christian era, population numbers were virtually stationary. Through epidemics, nature compensated for excess births by excess deaths.

"I talked about this problem with the director of the Egyptian Academy of Sciences. He told me that scientists were appalled to think that by the year 2080, the population of Egypt might reach 250 million.

"What should we do to eliminate suffering and disease? It's a wonderful idea but perhaps not altogether a beneficial one in the long run. If we try to implement it we may jeopardize the future of our species.

"It's terrible to have to say this. World population must be stabilized and to do that we must eliminate 350,000 people per day. This is so horrible to contemplate that we shouldn't even say it. But the general situation in which we are involved is lamentable."

Briefly

● **ITALY'S** birth rate is now the lowest in the world, the National Research Center reports. Italian women average 1.27 children, down from 1.29 in 1990. This is over 30% below the replacement rate (zero growth) of 2.1 children per woman in an industrialized country.

● **CANADIAN** exports to Mexico have fallen dramatically. In both 1989 and 1990, Canadian trade with Mexico had totaled roughly Can \$600 million, but dropped to Can \$372 million for the first 11 months of 1991. Mexican exports to Canada, meanwhile, skyrocketed from Can \$1.7 to Can \$2.27 billion.

● **LLOYD'S** of London losses for 1991 are projected at £1.12 billion (\$622 million) and the group might be forced to seek a large capital infusion, says Chatset, an independent analysis firm. Chatset forecasts that by 1994, Lloyd's will have lost a sum equivalent to the entire accumulated deposits of the membership.

● **PARIBAS** bank had an estimated net loss of about \$40 million for 1991, announced the bank's chairman André Levy-Lang at the end of January. This will be the banking group's first loss in history, and has prompted Moody's to put the bank under review.

● **LONRHO**, the London-based international trade giant, has lost its contract to distribute Volkswagen cars in the United Kingdom, according to a *Financial Times* report. The news knocked another £8 pounds (\$4.40) off a Lonrho share price already depressed by a slump in second-half profits and a cut in the dividend.

● **MOODY'S** has downgraded the giant Credit Suisse bank from its precious Aaa credit rating "and said the Aaa rating of Swiss Bank Corp. was also being reviewed for a possible downgrade," the *Financial Times* reported Jan. 29. "It is difficult to exaggerate the shock caused by Moody's announcement."

Energy

Give nuclear technology to Third World: Nakasone

There should be "no meddling in peaceful technology transfer" of nuclear energy to the Third World, former Japanese Prime Minister Yasuhiro Nakasone told the *Yomiuri News* Jan. 28. Nakasone proposed creating an international body to help monitor the destruction of nuclear weapons possessed by the former Soviet Republics and to keep tabs on the development of new arms, which would simultaneously ensure that no one would try to stop nuclear technological development for economic development using armaments as the excuse.

"In the eyes of all, Japan is a country possessing both the technology and financial capacity to push forward" with the creation of such a body, Nakasone said. "Japan should take the initiative in establishing a new inspection system."

"The control of nuclear weapons and establishment of an international verification body . . . are highly sensitive issues," he said, "which require walking a tightrope, because they may lead to . . . meddling in the transfer of technologies from the North to the South and interference in the use of plutonium for peaceful purposes."

Health

Urge emergency action on drug-resistant TB

The American Lung Association has urged Congress to take emergency action to prevent the spread of new, drug-resistant strains of tuberculosis. Describing the dangerous new strains as "out of control," the ALA asked Congress to appropriate \$91 million to combat the disease which once had been virtually wiped out.

Spokesmen for the association said that they fear the country is on the verge of "hysteria" over the spread of drug-resistant TB. "TB is back. Fear is already here, and hysteria is coming. This hysteria will make the irrational AIDS hysteria we all have had to deal with minor by comparison," said ALA president-

elect Dr. Lee Reichman.

Regular TB has a death rate of 50%, the new drug-resistant strain, 75%; yet the ALA seems to be more concerned about the public reaction than the death toll. "It is a real problem . . . but it is not a cause for panic," said ALA spokesman Diane Maples.

Poland

Supreme Court strikes down IMF program

The Polish Supreme Court ruled Jan. 29 that the government's freeze on cost-of-living salary increases for 2.5 million public sector employees was a violation of their basic constitutional rights. The freeze, imposed at the beginning of the third quarter of 1991, has led to a 30% drop in income for employees of the public sector.

In reaction, Elzbieta Suchocka, the head of the budget office at the Polish Finance Ministry, said the court ruling would have "catastrophic consequences" and undermine the present government's course of fiscal austerity.

Compensating the public sector for the income losses since last July would require an additional 3 billion zlotys, increase the government's budget by exactly that sum, and overturn the entire austerity package negotiated with the International Monetary Fund (IMF).

Meanwhile, the continued decline of industrial output in Poland under the IMF program will push the jobless rate close to 20% this year, forecasts the Swiss *Neue Zürcher Zeitung* daily. In 1991, industrial production fell by 14.2%, as compared to 1990; sectors affected most are electrical machinery, down 26.1%; steel and iron, down 22.4%; and transportation, down 24.7%. Exports dropped by 6.5% and imports increased by 34.4%, while the inflation rate was 60.4%.

The jobless rate reached 11.4% (2.16 million workers), with unemployment higher than 17% in six of 49 districts. Official forecasts expect a jobless rate of close to 20% by the end of this year, which would mean between 3.0 and 3.5 million people out of work.