

Business Briefs

Infrastructure

Maryland calls for prototype maglev

The Maryland Department of Transportation has called for building a prototype magnetically levitated (maglev) rail system, the Nov. 4 *Baltimore Sun* reported. Preliminary findings of a study commissioned by the department show that a maglev passenger train traveling between Washington, D.C. and Baltimore, Maryland in just 16 minutes could become one of the world's most financially successful transportation systems.

The study estimates that the line would cost \$30-40 million per year to operate, and take in at least \$60 million per year from 21-40,000 passengers per day, each paying \$10-20 to ride in either direction.

The case for maglev was also bolstered by a report released on Nov. 3 by the U.S. Department of Transportation, which found that the benefits of maglev are sufficient to justify building a prototype line.

Employment

Layoffs will not stop, say officials

Constant corporate restructuring and permanent layoffs are here to stay, according to Nov. 6 *Washington Post* coverage of a recent speech by Federal Reserve Chairman Alan Greenspan and of a forthcoming book, *The Dejobbing of America*, whose thesis is that people will increasingly be laid off and turned into floating workers, with temporary "assignments" but no "jobs."

"The process [of major layoffs] almost surely will persist for some time to come," Greenspan said recently.

"They're never going to stop," said Bill Lewis of the McKinsey Global Institute in Washington. He added that restructuring has "become a continuous corporate function."

A recent survey by the WayttCo., a Washington-based consulting firm, found that fewer than two-thirds of the firms that had recently restructured had met their cost-cutting goal.

The downsizing, according to John Parkinson, who supervised the study, often amounted to "nothing more than simply piling more work on the employees who hold on to their jobs."

Fortune magazine executive editor Allan T. Demaree told the Fortune 500 Forum meeting in Richmond, Virginia on Nov. 4 that "in this economic recovery, 30% of the new jobs have been part time, compared with only 4% in the previous recovery," the *Richmond Times-Dispatch* reported. He predicted that the bulk of job reductions in the future will be in retailing and banking, and cited one economist who said the number of banks will fall in 10 years to 3,000 from 11,000 currently.

U.S. corporations announced 66,801 job cuts in October, up 37% from the 48,786 cuts in September, according to the *Challenger Employment Report*, UPI reported Nov. 4. Through the first 10 months of the year, 516,165 employees were asked to clean out their desks, 27% more than in the same period in 1991.

Labor

New strike wave sweeps Europe

A new wave of strikes swept Europe in late October, signaling that depression-era labor unrest has begun. In Germany, 120,000 construction workers protested cuts in state support at a rally in Bonn on Oct. 28. In Italy, about 1 million workers of all unions engaged in a nationwide mobilization on the same day. And in Belgium, 40,000 workers blocked all traffic in Brussels on Oct. 29 as European Community heads of state were meeting in an emergency summit.

The involvement of unions in the protests followed a wave of protests in September that erupted, partially bypassing the unions and, in the case of France (farmers), Germany (miners), and Italy (metal workers and miners), even against the policy of the unions, forcing them to get out in front of the protests.

In France, the Air France strike, which was supported by the Coordination Rurale independent farmers union, ended on Oct. 29 after the government promised to cancel far-reaching privatization and rationalization plans for

the airline. But this is expected to be only a momentary hiatus. In Germany, labor unrest is growing in the metal sector, although the 3 million-member metal workers' union so far has kept strikes on hold.

The national labor federations in Spain, Britain, and the Netherlands are expected to stage protests before the end of the year. In Greece, widespread labor unrest is expected by next spring if, as is expected, Socialist Prime Minister Andreas Papandreou fails to keep his election campaign promises on employment and investments.

Mideast

Israel proposes Red Sea-Dead Sea Canal

Israel proposed the construction of a canal to link the Red Sea to the Dead Sea, during the fourth meeting of the Water Working Group in Beijing in October. The group is a multilateral organization working to resolve the water crisis in the Middle East. The Oct. 31 *Chicago Tribune* reported that the delegates at the meeting, representing 45 nations, "hailed the proposal" as a partial solution to the age-old conflict over water. The man-made river would generate enough electricity to desalinate seawater and provide about 1 billion cubic meters of fresh water.

Meanwhile, Palestinian-Americans are planning to set up a bank, which will be capitalized in the United States by successful Palestinians, to finance construction projects and business ventures in Gaza and Jericho, according to Palestinian sources. These sources say the mood is shifting decisively behind the Israel-PLO accord among Palestinians in the United States, largely because they have been hearing from their relatives in Palestine who are optimistic about prospects for peace. "We have waited too long for this chance," one source recently told a private meeting in Houston. "It would be foolish to say we should reject the Israeli offer because it is not the best we can do. We have to make it work." Members of a Palestinian-American delegation will visit Israel and the West Bank in November, and will later meet with officials from several Arab

Gulf nations to obtain additional funds for the bank.

PLO Chairman Yasser Arafat has asked King Hassan of Morocco to urge Arab states to release PLO assets frozen during the Persian Gulf war, Reuters reported. Arafat stressed that the peace accord with Israel would require "enormous financial resources." According to PLO officials, assets frozen by three Gulf states amount to \$336 million, \$120 million of which is frozen by Kuwait.

Japan

Muramoto collapse ups fear of chain reaction

The recent bankruptcy of Muramoto Corp., Japan's 24th biggest construction company, the largest collapse (\$5.5 billion in bad debt) since World War II, has provoked fears of a chain reaction among Japan's banks and construction company suppliers. A Muramoto spokesman explained, "We made lots of investments in golf courses, and then the bubble economy burst. . . . The impact will be enormous." According to the private credit research agency Teikoku Databank, the banks of Muramoto, mainly Daiwa Bank and Nanto Bank, withdrew support after they discovered large off-balance sheet loans by Muramoto to its own contractors.

Japanese economists are saying privately that despite government assurances that recovery is just six months away, the Japanese economy may not return to healthy growth for years, the Oct. 30 *International Herald Tribune* reported. "The status quo may continue for another year until we see some tragedies," the president of Honda Corp., Nobuhiko Kawamoto said. "Only then will a consensus form."

On Oct. 29, the government announced the worst unemployment figures in five years. Although 2.6% is very low by western standards, there are as many as 2 million more (3% of the work force) kept on the payroll even though there is no work for them. Nippon Steel has announced it will cut 7,000 workers, nearly 20% of its work force, through attrition and reduced hiring. Nissan Motors reported it was deep in debt in the first half of the fiscal year

due to poor sales and the rise of the yen. Japan Airlines announced \$73 million in losses and predicted worse figures by next March.

A spokesman for LTCB Research Institute said, "If the economy continues to be depressed next year, many companies will be forced to take bold action laying off workers. We cannot rule out the possibility that a downward spiral would emerge that would be quite disastrous."

Medicine

Human gene therapy leads to successes

Human gene therapy has recently led to some dramatic successes, the Nov. 3 *Los Angeles Times* reported. Although these treatments are experimental, their success holds hope that other, more difficult to treat genetic diseases may also respond to gene therapy.

In one procedure, two girls, nine-year-old Cynthia Cutshall and four-year-old Ashanthi DeSilvia, both suffering from ADA deficiency, were treated successfully using gene therapy. Due to a defect in their natural ADA gene, the two girls (similar to David, the boy in a bubble in Houston) were born with non-functioning immune systems. Unlike David, who died at age 12, the girls were successfully treated by removing white blood cells, inserting a healthy copy of the ADA gene into those cells, and then re-infusing those white blood cells back into each girl's bloodstream. Both girls, who had been leading lives of total isolation and suffering constant life-threatening infections, are now attending public schools.

In a similar procedure for patients suffering from a genetic disease that leads to extreme buildup of cholesterol and early death, 15% of the liver of a patient is removed, individual cells are then inserted with a healthy gene, and the cells are re-infused into the patient and re-settle back in the liver. The treatment, combined with anti-cholesterol medications, promises to bring such patients' cholesterol levels back within a normal range, avoiding otherwise certain death from cardiovascular disease.

Briefly

● **MEXICO** lost 62,000 manufacturing jobs in 1993, as 28 of 49 manufacturing sectors showed declines in production from last year and only 11 sectors showed increases in production, according to figures prepared by the Bancomer Financial Group released Nov. 1.

● **SUDAN** President Omar Hassan al-Bashir sacked Finance Minister Abdel-Rahim Hamdi, who carried out International Monetary Fund "economic reforms," Reuters reported Nov. 1. But his replacement, Abdalla Hassan Ahmad, general manager of Sudan's premier Islamic bank, is reportedly also a proponent of "market-oriented economics."

● **RUSSIA** will get no further aid from international institutions during this year, a spokesman for the Group of Seven industrialized nations said Nov. 4. On the same day, Russian Finance Minister Boris Fyodorov announced new austerity measures, promising that Russia would soon receive the second tranche of the \$1.5 billion "systemic transformation facility" from the IMF.

● **CHINA'S** main bank for infrastructure development extended \$3.8 billion in new loans to help fund rail, energy, and iron and steel projects suffering under a state ban on new credit, Xinhua news agency said on Nov. 5. It is a sign that Beijing is rolling back tight credit policies known as the 16-point austerity program.

● **SHIPBUILDERS** in the U.S., threatened by major defense cuts in the "post-Cold War era," were promised some relief on Nov. 4 with House passage of a maritime reform bill. It authorizes \$1.2 billion over 10 years, beginning in 1995, for building an estimated 70 ships in the United States.

● **THE HONG KONG** stock market faces collapse, the Oct. 28 issue of the *Far East Economic Review* warned. A global crash is "extremely unlikely, but one is on its way in Hong Kong," one source commented.