

# Business Briefs

## Markets

### Economist sees threat of new crash

In an interview with the Montreal newspaper *La Presse*, French Nobel Prize-winning economist Maurice Allais calls a "new crash on world stock markets and a global economic recession a strong probability."

As reported in May 29 Paris *Libération*, Allais cites the following factors: The Third World debt problem; U.S. trade and budget deficits; high household and corporate indebtedness, especially in the United States but also in Western Europe; and the degree of speculative inflation in world stock markets. Allais cites the daily volume of foreign exchange trade of \$420 billion and the fact that of this, only an average of \$12.3 billion is directly for the financing of international trade, the rest being speculation in currencies and other paper transactions.

## Malthusianism

### Social Democrat outlines agenda

Former West German Chancellor and leading Social Democrat Helmut Schmidt delineated what he considered to be seven overriding problems of our epoch, at the opening dinner of the Inter-Action Council meeting in Washington, D.C., May 26.

These are, Schmidt said, 1) population growth; 2) dwindling energy resources; 3) too many armaments; 4) the globalization of financial markets; 5) the Latin American debt; 6) the U.S. budget deficit; and 7) the uncontrolled worldwide flow of funds.

The Inter-Action Council, which Schmidt chairs, is comprised of former heads of state and government, including former President Gerald Ford, former Polish Prime Minister Edward Gierek, and former Soviet President Andrei Gromyko.

Schmidt said he considered the population problem "insoluble," mentioning the failed attempts by China and India to deal with it. On energy, Schmidt stressed the

supposed problem of the greenhouse effect and the rising of ocean levels. "Cutting energy will not suffice," he said, "since many people are being born."

Schmidt praised the INF treaty, calling it "the first real arms reduction ever." He claimed that the present Soviet leadership "realizes they can't afford the tremendous military spending." Gorbachov needs partial disarmament, he said, but can only achieve it if he can show the Politburo that the West is also willing to disarm.

The biggest problem, he stressed, is the U.S. budget deficit, which has created inequities, high interest rates, and disturbances of exchange rates, but that governments lack an understanding of the seriousness of the problem.

## Agriculture

### Argentine system penalizes farmers

Argentina's grain-producing capacity, many economists believe, could rival that of the United States, but farmers in Argentina are not rewarded for their performance.

The current administration of President Raúl Alfonsín, recently slapped a 20% tax on farm exports, and has strictly maintained price controls that limit how much farmers can get in local markets for their grain and meat.

More than half of Argentina's farm output is exported, earning \$4 billion annually. Agricultural exports account for nearly 75% of Argentina's total export earnings.

However, the country's exports are projected to shrink. Four crop disasters—three floods and a devastating drought last year—have taken their toll on the wheat available for export. As a result, Argentina's share of key export markets such as China and the Soviet Union has been shrinking, with the United States and others eagerly filling the gap.

Argentine wheat exports to Moscow last year totaled less than 25 million bushels, down from their 1985 peak of 170 million bushels.

## Food

### U.S. exports to Russia set record

The value of 1989 U.S. farm exports to the U.S.S.R. may set a record, according to a May report put out by the Economic Research Service for the U.S. Department of Agriculture.

The U.S. share of grain imported by the Soviet Union may exceed the 45% share of 1988, and the 30% share of 1987. U.S. farm exports to Russia in 1988 were nearly two and a half times the value of shipments in 1987, and were exceeded only in 1979 and 1984. At the rate the U.S. trade is going with the Soviets this year, all records may be exceeded.

"Last year, the U.S.S.R. took 12% of the value of all U.S. grain and feed exports, and the U.S. share of all Soviet agricultural imports was an estimated 14%," the report said.

## Fusion

### Metal-hydrogen systems discussed

The Gordon Conference on Metal Hydrides for 1989, set for July 10-14, at Tilton, New Hampshire, is scheduling a special session on the possibilities relating to nuclear fusion occurring in metal-hydrogen systems.

The session program includes D.K. Ross, University of Birmingham, U.K., discussion leader; R.J. Perry, Ohio State University, Columbus, Ohio, speaking on "The Relevant Parameters for Fusion in Molecules and Materials"; P.M. Richards, Sandia National Laboratories, New Mexico; P. Jena, Virginia Commonwealth University, Virginia, on "Energetics and Molecular Dynamics of D-D [deuterium-deuterium] Interaction in Pd [palladium]"; and S. Srinivasan, Texas A&M University, on "Evidence for Excess Heat Generation Rates During Electrolysis of D<sub>2</sub>O [heavy water] in LiOD [lithium deuterioxide] Using a Pd [palladium] Cathode—a Microcalorimetric Study."

# Briefly

This session on fusion possibilities is probably the first time this topic has been dealt with before an audience of specialists involved in the hydrogen in metals field.

## AIDS

### Virus not detected for three years

A study conducted by the University of California at Los Angeles has found that AIDS victims may carry the virus for three years without ever being detected by standard AIDS tests. Although this has been known for some time, it is now receiving big publicity.

The study showed that one-quarter of a group of infected AIDS victims did not produce anti-bodies for up to three years, and consequently would not have been detected by standard tests which are based on detecting the antibodies rather than the virus. The *New York Times*, while reporting the results of the study on June 1, admitted that this discovery calls into question the accuracy of AIDS infection projections.

## Infrastructure

### Terrorists target power, nuclear sites

Three members of the "Earth First" eco-terrorist group were arrested May 31 as they attempted to cut a power line near the Harcovar power station in Wenden, Arizona.

Group founder David Foreman, formerly the Washington lobbyist for the Wilderness Society, Mark Davis, and Marc Baker were charged with conspiracy to sabotage a nuclear facility, destruction of an energy facility and related crimes.

Earth First openly advocates terrorist actions against the U.S. power grid, lumber companies, and other "enemies" of Mother Earth. The group has claimed responsibility for various criminal actions. Background on the organization can be found in the Septem-

ber 1988 issue of *Investigative Leads*.

The FBI also arrested three radical environmentalists in Phoenix, Arizona on May 29 as they were about to carry out sabotage of two nuclear power plants and a nuclear weapons factory.

One of the men arrested, David Foreman, was formerly a Washington lobbyist for the Wilderness Society and is a founder of the Earth First group for which he regularly writes the "Dear Ned Ludd" column for the group's magazine. Ludd was the founder of the "Luddites" movement that destroyed hundreds of factories in the past century murdering many scientists and inventors, in an attempt to stop all technological progress.

Officials said the three men arrested were members of the "Evan Mecham Eco-Terrorist International Conspiracy," a group that took its name from former Arizona Gov. Evan Mecham, who was impeached last year. The group has claimed responsibility for several criminal acts in the Southwest. The group has also carried many other terrorist acts, such as vandalizing ski-lift equipment in Flagstaff and severing power line poles at three uranium mines in northern Arizona last year.

## East-West Trade

### Crédit Lyonnais forms new bank with Moscow

Crédit Lyonnais, the second-largest French private bank, has set up the first Western-controlled banking joint venture with the Soviet Union. It will operate in a five-bank consortium including Austria's Kreditanstalt, Germany's Bayerische Vereinsbank, Italy's BCI, and Finland's Kansallis-Osake-Pankki.

The new International Moscow Bank will deal in trade finance and be used to train Soviets in Western banking methods. Surprisingly, Moscow selected the French group over many other bidders, including Deutsche Bank of Germany. Crédit Lyonnais, a big bank in East European finance, is also aggressively expanding into Italy, where it just bought Credito Bergamasco, and Belgium, where it bought out Chase Manhattan.

● **SAUDI** Oil Minister Nazer announced on May 30 that Saudi Arabia would recommend at the OPEC meeting in Vienna June 2 that OPEC officially drop its three-year-old \$18 a barrel price goal. Instead, OPEC should use strict adherence to output quotas to regulate the market. Saudi Arabia has long been the stabilizing force in OPEC, reducing its own market share to maintain the oil price.

● **'THE DEBT BOMB** is still there, \$1.4 trillion ready to explode at any moment," said World Bank official John Holsen at a private conference on the debt held in Pavia, Italy. Holsen added, "The quantity of calories of the average citizen in LDC debtor countries today is significantly inferior to that of 1981. At the same time the amount of debt, instead of decreasing, has increased in absolute terms, while the standard of living of the debtor populations is reaching the border of subsistence."

● **NINETY PERCENT** of Americans believe everyone is entitled to the most technologically advanced medical treatment available, according to a recent survey. The "Marketplace" program of business and consumer news, carried by American Public Radio, reported the results of the survey on May 30.

● **THE SHARP INCREASE** in British interest rates could tip the economy toward a "hard landing," reports a City of London banking source. "It will have a dramatic effect on housing, but also on stock market levels, at a time when the market had recaptured its pre-October, 1987 high levels. The British economy is very vulnerable at this point."

● **HONGKONG** and Shanghai Bank is nervous about developments in China, according to London banking sources. "Hong-Shang is 80% of the Hong Kong economy. They have significant investments inside China. If they start to pull out of Hong Kong, it would be disastrous."