

Business Briefs

The Soviet Union

Economist warns of financial collapse

One of the Soviet Union's leading economists told a session of the country's new parliament on June 8 that the country is heading for a financial crash by 1992 unless draconian measures are taken to cut the budget deficit.

"Over the next two to three years, if we do not stop inflation, the decay of the consumer market and the monstrous budget deficit, then we face economic collapse," economist Nikolai Shmelyov told the Congress of People's Deputies. Shemyov said that Prime Minister Nikolai Ryzhkov had shown in his speech to the Congress that he was aware of the problem, but questioned if he realized how acute it is.

If a crash were to come, "it would mean a total system of rationing, supremacy of the shadow economy, and total loss of value for the ruble, and this would force a return to a command system in the economy."

The Invisible Hand

Bankers woo Japan for 'free market' fascism

At a conference of the Japan Society in New York City on June 8, investment banker Felix Rohatyn, James Robinson of American Express, Gov. Mario Cuomo, and other Establishment fixtures demanded that Japan abandon its mercantilist policies and integrate itself fully into the emerging cartelized "free market."

Like the "Europe 1992" integration scheme, this is intended to give the bankers fascist-style control over the world economy, while destroying any vestiges of national sovereignty.

Rohatyn stressed that Japan and the Third World countries must permit unlimited foreign trade and foreign investment. The new "global economy," he said, will be based on currency linkages, customs unification, and coordinated regulation of financial markets.

He proposed that a Japanese citizen become the next president of the World Bank, to reflect Japan's enhanced role in the world's economy.

If countries like Japan won't go along, threatened Rohatyn, "the political reaction here is likely to be harsh," with the necessary changes occurring only with "some type of political or financial crisis coming along to force the issue."

"We are at the dawn of a new era," said Robinson, painting a utopian picture of a new Ibero-America which, once they adopt "market-oriented reforms . . . can shake free of the burden of debt."

The Debt Bomb

Mitterrand to host Third World leaders

French President François Mitterrand has invited 30 leaders of the Third World to meet Western government heads to discuss the foreign debt burden of poorer countries. The meeting is expected to be attended by José Sarney of Brazil, Carlos Salinas de Gortari of Mexico, Carlos Andrés Pérez of Venezuela, Hosni Mubarak of Egypt, Robert Mugabe of Zimbabwe, Benazir Bhutto of Pakistan, Corazon Aquino of the Philippines, among others.

Presidential adviser Jacques Attali announced that the Group of Seven industrialized countries (United States, Japan, France, West Germany, Britain, Italy, and Canada) have been asked to meet with the Third World leaders on July 13, on the eve of a three-day summit of the G-7.

The centerpiece of the summit will be the need for the G-7 to relieve the \$1.3 trillion debt of the Ibero-American nations. There will be a country-by-country examination of development issues, Attali told a press conference on June 12. "The G-7 leaders will be fully briefed, especially as they will have heard from developing nations' leaders directly the evening before how it is all going."

Among specific plans mentioned by Attali, was a scheme to prevent catastrophic flooding on the Ganges River delta, includ-

ing in Bangladesh. France will present a special study on the problem.

Environmentalism

Victory for Greenpeace in whaling controversy

Greenpeace, the Soviet-linked group of international ecological fanatics, won a victory on June 12 at the annual meeting of the International Whaling Commission in San Diego. The commission agreed to extend a sanctuary for whales in the Indian Ocean for three years. Key to the victory was the release of a new study by scientists associated with Greenpeace, which claims that whale populations are much lower than previously measured.

A spokesman for the Japanese delegation challenged the accuracy of the estimates, but all the other countries capitulated.

An official from the Far Seas Fishery Division of the Japanese Ministry of Agriculture, Forestry, and Fisheries was quoted by Reuters railing against the environmentalists: "The comprehensive ban on commercial whaling is ridiculous when you look at it from a scientific point of view. . . . Why should we stop in the face of such flawed arguments?"

The 300 minke whales that Japan now kills each year are insignificant in number compared with the estimated population of 690,000, in the Southern Hemisphere alone, the official said.

Drought

Texas water levels reach 10-year lows

Water levels in the south-central Texas Edwards Aquifer are at 10-year lows, due to a record-breaking early heat wave and an unusually dry spring, according to a report published in the *Houston Post* on June 12. The Edwards Aquifer, the only source of water for the city of San Antonio, plunged a record 22 feet in May, at times dropping 1.5

feet a day.

"If things stay the same, there's no relief in sight," said Michael Albach, environmental manager for the Edwards Underground Water District. "We're particularly concerned about the rate of decline. That 22-foot drop in May is a record, exceeding the decline of the drought periods of 1956 and 1984. And we're just now getting into the peak use months of summer."

The Edwards Aquifer is one of the largest artesian aquifers in the nation, running some 180 miles under six counties. It is fed by rainfall that seeps into its honeycombed limestone formation. Scientists estimate that it has provided drinking water for humans for more than 8,000 years.

San Antonio, the largest U.S. city with only one source of water, is the largest user of water from the aquifer. The city's City Water Board pumps an average of 180 million gallons a day, and up to 220 million gallons a day in the summer. Farmers and ranchers take about one-third of the aquifer output for irrigation and other uses.

San Antonio normally receives about 28 inches of rain annually, but rainfall was 4.5 inches below normal for the first five months of this year. Add the sparse 19 inches the city received in 1988, and the region has had a rainfall deficit of 15 inches over the past 18 months.

Demography

World environmentalists meet in Nicaragua

More than 1,200 people from 60 nations attended the Fourth Congress on the Fate and Hope of the Earth in Managua, Nicaragua during the first week in June. They released a statement charging that human beings were destroying far more than they allowed to regenerate, and that the habitat which permitted life on Earth was seriously threatened for the first time.

The congress condemned attempts to transfer current models of industrialization to developing countries. "These models lead to excessive consumption, waste, and environmental destruction. Industrialized countries achieved their levels of develop-

ment at the expense of the planet's natural resources. . . . All the people of the Earth are paying the price for the industrialized North's standard of living," it said.

The congress called for a redoubling of efforts to repair ecological damage, supported the establishment of a world environmental tribunal, and opposed all nuclear power.

At a closing ceremony, Romesh Chandra, president of the Soviet-linked World Council of Peace, gave Nicaraguan President Daniel Ortega the council's highest award for efforts to promote world peace.

Financial Markets

Experts see Japan as trigger for new crash

A senior Swiss banking source expects Japan to be the "trigger" for a new crash of the financial system. Reviewing the global situation in the wake of the October 1987 crash, the source underlined that "nothing fundamental has changed."

"The question is, what will be the 'trigger.' I think Japan will be that trigger, when people least expect. Already there are signs of small but significant cracks. Labor unrest is growing over wages; internal discipline is beginning to break down; Japan's industrial markets, domestic and export, are saturated, and they are being priced out because of the high yen."

A senior Asian banking analyst concurred with this evaluation. "The Tokyo stock exchange is so overblown, with earnings-ratios of 1,000 or 2,000 to 1. A very big decline is coming, and when the crash comes, it will be even more horrendous than October 1987." He said it would come either later this year or, at the latest, early 1990.

This source added: "There is no rationality any more in the financial system. The strength of the dollar is a remarkable phenomenon in view of what is really going on in the American economy. Who can talk about equilibrium any more? I'm just waiting for the Group of Seven to come to Paris in July, and say and do absolutely nothing, except a few words on debt. They have no idea what to do or say."

● **THE FOOD SHOCK** will be worse than the oil crisis," World-Watch Institute head Lester Brown said during a visit to Rome. He warned that if the U.S. were to suffer another year of disastrous drought, then "dramatic choices" would have to be faced, such as: limiting food exports, decreasing feed-grain to cattle, and increasing taxes on meat.

● **INFLATION** could rise to 1,000% in Yugoslavia this year, the *Financial Times* of London predicted on June 7. The paper notes that the International Monetary Fund recently had a team in Belgrade: "The IMF is reported to be insisting on tightening monetary and credit policies."

● **FRENCH PRESIDENT** Francois Mitterrand, in a speech to an international colloquium on "The Planet Earth," held in Paris June 12-13, surprised everybody by calling for further development of nuclear energy. The development of nuclear energy "allowed France to reduce by one-fourth since 1980 its production of carbon dioxide in the atmosphere," he said.

● **MICHAEL DUKAKIS**, governor of Massachusetts, announced the creation of a new "environmental strike force" to go after the state's industrial polluters. Industrial pollution will now be considered a "violent crime" since industrial polluters "do violence against neighborhoods and against the water we drink and the air we breathe."

● **TINY ROWLAND**, the industrialist and dirty tricks man for the British Crown, was cleared of contempt of court charges by the British House of Lords. The key to Rowland's lenient treatment may be found in the lead judge, Lord Bridge, reportedly a former official of MI-6 (foreign intelligence).