

Business Briefs

Environmentalism

California plan will destroy the state

The most draconian ecological measures in history were approved March 17 in California, in what is being hailed by green fascists everywhere as the model for the rest of the nation.

Regional officials in southern California voted to impose a three-phase plan to clear the smog, which will require 123 specific steps: All cars must be converted to electric power or other supposedly "clean" fuels such as ethanol or methanol by the year 2007, when all gasoline-powered cars will be banned. Barbecue grills, lighter fluid, gasoline-powered lawnmowers, free parking, and drive-through windows at fast food chains will all be banned. Some of the initial measures include controls on the content of paint and solvents.

The plan may cost as much as \$64 billion to implement in the first five years, and will shut down most of what industry is left in that part of the state.

The plan affects the Los Angeles basin, which includes Orange County and the non-desert parts of Los Angeles, San Bernardino, and Riverside counties. This 13,350-square-mile region has 12 million people.

The first five-year phase of the plan will place sharp new controls on the content of paints, solvents, aerosol sprays, and the like. This is expected to have a drastic effect on industries like furniture-making and refinishing, and automobile painting.

This phase would also require costly control devices on boilers, trash-burning plants, and industrial heaters. The sale of bias-ply tires, which leave particles on the road more than radial tires do, would be banned, parking fees raised for cars carrying only one person, and methanol fuel would be required for buses by 1991, and for rental cars by 1993.

The South Coast Air Quality Management District and the executive committee of the Southern California Association of Governments approved the plan. They await the approval of the California Air Resources Board and the U.S. Environmental Protection Agency.

Oil

Gas shortages, price rises in spring

Gasoline shortages and price increases will occur this spring as new environmental legislation goes into effect on May 1 in a number of states. Seven states in the northeast have already passed environmental legislation that will severely restrict the use of butane as an octane booster in gasoline.

Butane replaces lead in gasoline to obtain higher octane, but now, the same green fascists who pushed through the ban on lead say that its butane replacement is the biggest polluter, by creating smog (ozone).

As a result of the ban, gas prices are expected to rise at least 10¢ per gallon at the pump, and severe shortages of gasoline will occur as refineries shift their capacity, presently at the limit, to more complex and expensive petrochemical refining processes to maintain high octane gasoline.

The Environmental Protection Agency is proposing to replace butane with alcohols from "surplus grain"—if there is any. These are extremely expensive and highly corrosive.

Southeast Asia

Taiwan conducts an economic offensive

Republic of China President Lee Teng-hui went to Singapore in the first overseas trip of an R.O.C. (Taiwan) President since 1977, the *International Herald Tribune* reported March 14. Lee's trip is part of an R.O.C. economic offensive in southeast Asia.

The R.O.C., whose foreign exchange reserves of \$76 billion are the second highest in the world, has invested a total of \$2 billion in Singapore in recent years, Lee told the *Tribune*, and trade was up to \$7 billion last year. This is not intended as an alternative to private R.O.C. investment in mainland China, he said, but "many people are now beginning to understand that the main-

land market is extremely unstable."

A Beijing official, Liu Xincheng, warned the Philippine government March 13 that there would be "adverse effects" if the Manila legislature passed a bill that would give more protection to investments from the Republic of China. But despite threats from Beijing, Lee said that Taipei intends to continue to expand its economic relations with many countries.

But when asked if Taiwan might ever want to declare its independence of the mainland, especially as the economic gap between the two widens, Lee said, "I don't think so. Taiwan is like a lighthouse. It is a symbol for mainland China what good government can achieve."

International Credit

Where IMF treads, insurgency follows

That is the theme of a commentary on the International Monetary Fund appearing in the March 20 *Wall Street Journal* by "supply-side" economist Jude Wanniski. Wanniski is now president of Polyconomics, Inc. of Morristown, New Jersey.

He reports that in early 1980, at a retreat with then presidential candidate Ronald Reagan and a dozen aides, he "suggested the CIA should hire a bright young college graduate to simply keep track of the travels of the IMF. Whenever a country agreed to IMF conditions in order to get an IMF loan, the CIA would have an early warning signal of political upheaval in that country. In six months, I suggested, there would be riots in the streets.

"Richard V. Allen smiled, Ed Meese chuckled, Marty Anderson laughed, and so did Governor Reagan. They all thought I was kidding. Here we are, nine years later, and it's still a good idea. Almost all of South America has been destabilized because of the IMF formula: Tax increases to wring inflation out of the economy and currency devaluation to spur export growth. . . . The IMF has been mixing this toxic cocktail for most of Latin America for at least a dozen years.

Briefly

"The recent Venezuela riots left 300 dead that can be counted as IMF victims. Peru, ravaged by the IMF formula, has been steadily pushed into the arms of the drug trade; smothered by taxes and confetti currency, its economy kept afloat by cocaine cash crops. Argentina is in tatters. Brazil is a basket case after years of sipping IMF cocktails, and Mexico is bravely fighting off yet another push by the IMF and its friends in the U.S. Treasury to force a peso devaluation.

"The IMF formula defeats growth. . . . Secretary Brady can make his plan work only if the IMF conditions are reversed. Third World currencies should be stabilized as a matter of IMF policy. Devaluation must be abandoned as a tool. . . . Debt relief or 'forgiveness' would be unnecessary . . . if the banks and their international financial institutions, like the IMF and the World Bank, were promoting growth instead of poverty."

Foreign Aid

Can Japan keep up world bailout?

If the Bush administration has a financial policy at all, it consists of having the Japanese bail out the United States, and the world, too. But that doesn't appear to be going as smoothly as planned. Internal crises in Japan, centered on the Recruit Cosmos insider trading scandal, are causing problems.

First, with the fiscal 1989 budget on the table, opposition members of Parliament have boycotted crucial budget debates, and threaten to paralyze the government until former Prime Minister Yasuhiro Nakasone testifies under oath about his role in the affair, in which leading politicians were advised to buy stock in advance of a merger.

The spectacular Japanese Overseas Development Aid program, meant to replace the funds the deficit-ridden United States, Great Britain, and others can no longer deliver to the developing sector, is also in trouble, the *Hindustan Times* reported from Tokyo March 9. For the past two years, the sale of overpriced stock from Nippon Tele-

phone and Telegraph, as the utility was privatized, was used to finance the Japanese ODA. But NTT stock has plummeted recently, the *Hindustan Times* reported, as a result of its role in the Recruit scandal.

Dope, Inc.

Coca spraying draws fire from Greenpeace

The Soviet-linked international environmentalist network called Greenpeace is leading the pack of opponents of coca eradication in Peru.

A joint Peruvian-U.S. team sprayed two herbicides on about coca fields in mid-March, in the final test of a U.S. plan to destroy coca crops through aerial eradication. But environmentalist groups in both the U.S. and Peru argue that the herbicide, Spike (tebuthiuron), could endanger the region's eco-system.

Sandra Marquart, pesticide coordinator for Greenpeace, said the recent spraying "is a major foot in the door" for the aerial eradication program. "Eradication isn't possible," she said. "Coca is such a lucrative product that one area will be sprayed, and the growers will just move to the next area, and more and more swathes of land will have to be sprayed." She told *Newsweek* magazine back in December that Spike spraying "will wipe out . . . everything but grass" and "could poison the entire Amazon River."

In fact, as *Newsweek* reported, nothing could destroy the environment in the Amazon faster than coca is doing. The chemicals used in refining coca leaves into basic coca paste are being dumped into the rivers. Some Amazon waterways are now "almost devoid of desirable plant and fish life." Jungle trees have been replaced by some "5 billion drug-producing bushes." Slash-and-burn farming used by the coca planters "erodes the soil, sapping the earth of nutrients and increasing the risk of landslides."

Once again, it would seem, nothing can destroy the environment quite like an environmentalist.

● **1.5 MILLION** acres of productive irrigated farmland in California may be taken out of production by the Environmental Protection Agency to protect migratory waterfowl. Selenium, a naturally occurring element in the alkaline desert soil, is washed out by irrigation water and concentrated in evaporation ponds. The birds land in the ponds to drink and may get sick; therefore, the EPA is seeking to ban irrigation in such areas.

● **CHINESE** Premier Li Peng opened the annual session of Parliament March 20, saying, "Both government and people should be mentally prepared for a few years of austerity." He delivered his speech in the absence of senior Chinese leader Deng Xiaoping, who "had asked to be excused."

● **EGYPT'S** President Hosni Mubarak, according to confidential sources, will call for the convening of an international debt conference in Cairo should he fail to alter U.S. policy toward Egypt and convince the Bush administration that he cannot implement International Monetary Fund austerity demands. Mubarak will arrive in Washington on April 3.

● **THE SUPREME** Court of the United States unanimously ruled March 22 that the Federal Savings and Loan Insurance Corporation does not have the power to decide which creditors can sue the government after failed thrift institutions have been taken over by the government. The ruling affects tens of thousands of creditors with tens of billions in claims.

● **A NEW YORK** appeals court has upheld a lower court injunction barring Minorco, S.A. and two other South African companies from proceeding with a \$3.8 billion hostile takeover of Consolidated Gold Fields, the world's second-largest gold producer outside the Soviet Union.