Business Briefs

Population Control

Policy needs tyranny to work, council admits

The New York-based Population Council has openly admitted that their population control policies require communist tyranny to work.

The council, long directed by McGeorge Bundy representing the U.S. and British banking elites, has issued several recent warnings that the weakening of the Beijing regime would prove fatal to the mass sterilization, mass abortion program.

In a treatise, "The Evolution of the One-Child Policy in Shaanxi Province," council researcher Susan Greehalgh complains of the difficulties of "achieving rapid fertility reduction . . . [when the] values are pronatalist." "Coercive measures are probably the only measures available to policymakers to achieve this kind of goal," she writes. "The campaign impetus will diminish as it moves down the political system—the closer to the bottom one goes, the weaker the enforcement methods become, the thinner the resources grow, and the greater the identification of cadres with those whose fertility they are supposed to restrict."

Nuclear

Soviets to market space reactor to U.S.

At the annual Space Nuclear Power Symposium in Albuquerque, New Mexico in mid-January, Space Power, Inc. of California announced they will sell the Soviet Topaz space nuclear reactor in the United States.

Declassifying what had been a strictly military technology, diagrams and details of the Topaz were presented. The Soviets use it to power ocean reconnaissance satellites.

Joseph Wetch of Space Power stated that because the U.S. space nuclear SP-100 program has suffered so many budget cuts, using the already-tested Topaz would save 5-10 years of development time.

In an interview with *21st Century Science and Technology,* Wetch said the applications he sees for the Topaz are for high-power communications satellites, other Earth-orbital applications, and later for lunar base and other programs. Wetch, who was one of the inventors of the 1960s SNAP space-nuclear reactor in the U.S., said the Soviets would insist that the Topaz is not used by the U.S. for military applications.

War on Drugs

DARPA to head R&D for drug interdiction

The Pentagon's Defense Department Advanced Research Projects Agency (DARPA) will become the lead agency to centralize and deploy funding for R&D for new detection and interdiction technologies for the war on drugs, according to the chief scientist of a company involved in developing such technology.

DARPA is known as an efficient R&D funding agency which supports small and higher-risk projects, and gives innovative companies a chance to submit and win research proposals.

This scientist reported that the cover story on the war on drugs in the January to February issue of *21st Century Science & Technology* is being circulated to many high-tech firms which may become involved in this effort. "These companies know a lot about technology," he said, "but not about the war on drugs."

Corporate Bonds

Defaults expected to be at record levels

U.S. corporate defaults on long-term bonds will be at record levels in 1990 according to Moody's Investor Service Global Outlook report, the Jan. 24 *Financial Times* said.

The 1989 record of 50 companies defaulting or renegotiating bonds at losses to bondholders will be surpassed this year, it said, as will the amount of $9.3 billion. It predicted that 1990 will be the sixth consecutive year in which the number of corporate credit downgradings, 339 during 1989 and 246 in 1986, will greatly exceed upgradings.

One-quarter of all corporate bond issues rated by Moody's are graded as junk bonds, up from just 6.5% in 1981, or $22.6 billion out of $348 billion worth of corporate bonds, with 42% of the junk bonds getting its least risky junk rating of Ba. Today, junk has grown to $226.2 billion out of $891 billion of corporate bonds, with only 25% of the junk rated as high as Ba. Of the $543 billion increase in corporate debt since 1981, some $204 billion—37.6%—has been junk.

Junk bonds are defaulting at a 38% annual rate, which means that 13% of all corporate debt will go into defaults this year, according to a recent study by the non-profit Bond Investors Association. But this assumes that the economy has had its soft landing. "If we have a mild recession," says Moody's senior economist John Lonski, "we may find that banks and other sources will not be able to lend short-term money to make up for cash shortfalls of junk bond issuers."

Health

Asbestos removal may be unnecessary

The removal of asbestos from schools, hospitals, and other facilities is a huge waste of money, according to a team of lung disease experts in an article in the latest issue of *Science* magazine.

The specialists maintain that facilities across the United States are removing asbestos at a price tag of billions, yet there is little evidence that asbestos is a major health risk outside the workplace. "I think it's grossly overdone. It's panic and fear and anxiety and many of the removals are unnecessary," said Dr. J. Bernard Gee of the Yale University School of Medicine. "Available data do not support the concept that low-level exposure to asbestos is a health hazard in buildings and schools," said Gee.

The link between asbestos and lung disease such as asbestosis and lung cancer is well documented in miners and others exposed to high concentrations of the fibers on the job, but the level of exposure in most suspect buildings is too low to be a health hazard, and the most commonly found particles are not the type associated with lung disease, they said.

Markets

Columnist: financial rigging can't last

New York Post financial columnist John Crudele warned in an article in the Jan. 21 *Los Angeles Times*, that any appearance of "safety" in the stock market is an illusion rigged by the investment banks and doomed to fail.

Describing the "stability" that returned to the markets after the 71-point Dow Jones plunge on Jan. 12 and the 19-point drop on Jan. 15, Crudele writes, "The truth is the market didn't calm down for any solid reasons. . . .

"The apparent stabilization . . . was more the result of some razzmatazz trading engineered by the big investment firms that have been controlling the stock index futures markets in Chicago. . . . The Chicago traders may have managed to create the illusion that the markets were back to normal, but that is probably far from the truth."

Unemployment

Soviets admit jobless problem for first time

Soviet officials are openly admitting for the first time that mass unemployment exists in the U. S.S.R. Nikolai Belov, deputy chairman of the state statistical committee, said Jan. 25 that the overall unemployment figure was 13 million, although he claimed that 10 million of these didn't count since they were nursing mothers, seasonal workers, and people refusing jobs in the social sector. "The real figure is around 3 million," he said.

Belov painted a devastating picture of the Soviet economic breakdown under Gorbachov, and said the economy had been severely disrupted by "mass disorders, pogroms, arson and destruction." Seven million working days had been lost through strikes and national unrest. "This is the equivalent of losing 30,000 working people a day," he claimed.

Belov asserted that "time-wasting, reduced efficiency and industrial disputes have severely hindered the implementation of the state plan." "An additional $254 billion worth of production would be required to cover the unsatisfied demand for consumer goods," he said, adding that the situation is aggravated by panic buying.

Belov also talked of a massive shadow, or black, economy, run by "speculation, illegal distilling, and other illicit transactions."

Last summer's miners' strike lost the U.S.S.R. 7 million tons of coal and resulted in a 6% drop in high-quality coking coal output, Belov said, adding that there were declines in freight transport and output of oil and gas.

East Bloc

Investment enormous, Financial Times admits

The Jan. 27 *Financial Times* of London reluctantly acknowledged the enormous scope of investment under-way in Eastern Europe.

While claiming it has none of the normal "security" for investors—there are no stock markets, the local economies are "rickety," the currencies are vulnerable—the *Finanical Times* does outline the vast scope of the deals and the huge potential for continental firms, especially companies dealing in capital goods, retailing, and construction.

One investment opportunity cited is Deutschebank's Germany Fund and New Germany Fund, which have goals in sharp contrast to that of such Anglo-American funds as Bear Stearns' Hungary Fund. While the latter is looking for investments like hotel development and the McDonald's franchise, the Deutschebank's funds have "the specific aim of investing in small and medium-sized West German companies" that will be involved in serious development of the East. This emphasis by the Germans and other Europeans is forcing even British financial firms like Tyndall to put their capital into real production.

Briefly

● **THE BANK OF TOKYO** will soon open an office in East Berlin, the first Japanese bank to do so, West German press reported Jan. 26. Many Japanese companies have already decided to open branches in West Berlin and Japanese money is being invested in German stocks, especially those that will profit from future investments in East Germany.

● **RAIL CAR LOADINGS** in the U. S. fell 7.5% in December from a year earlier, the sixth consecutive monthly decline, reflecting the worsening depression in the real economy. Railroad traffic for the full year of 1989 was down 1.6% from 1988. Loadings in the first two weeks of January were down 53%.

● **THE BELGIAN** segment of a high-speed rail route from Paris to Cologne was given official approval by the Belgian government Jan. 23. The go-ahead for a segment of another high-speed rail route from Paris to London via Brussels, Antwerp, and Ostend was also given.

● **HUNGARIAN** trade minister Tamas Beck declared a temporary ban on all trade accounted in rubles beginning Jan. 25, the Hungarian Press Agency (UPD) said. According to UPD, Hungary had a surplus of 1 billion transfer rubles in 1989, and 60% of such exports are machinery, delivered mostly to the Soviet Union.

● **PERU** has reacted favorably to a proposal by Sen. Joseph Biden (D-Del.) to reduce a nation's debt by the amount of its expenditures in combatting drug trafficking. "The idea . . . is feasible and acceptable," said Peruvian foreign debt negotiator Abel Salinas.

● **WORLD BANK** President Barber Conable recommended to his executive board that the bank resume lending to Red China after getting "clearance from the United States, Japan, and other principal governing powers of the bank," the *Washington Post* reported Jan. 27.