

Business Briefs

Labor

Rail unions threaten strike in June

U.S. labor unions are threatening another rail strike come June 24, the *Journal of Commerce* reported. Three emergency boards appointed by President Bush to consider stalled negotiations in three railroad labor disputes appear to be siding entirely with management.

The three disputes are between the International Association of Machinists and most major freight railroads; Amtrak and six unions representing 7,500 workers; and ConRail and the Brotherhood of Maintenance of Way Employees. These workers have not received any pay raises since 1988.

Meanwhile, Northwest Airlines has sent a letter to its 47,000 workers, warning that the airline might not survive if the workers don't agree to work-rule changes and productivity improvements, i.e., speedup. The International Association of Machinists Lodge 143, which represents 24,000 of Northwest's workers, termed the letter a "negotiating ploy" in present talks on a new contract. This is the first time Northwest, the subject of a 1989 leveraged buyout, has publicly admitted that its financial situation is less than rosy.

Resources

Environmental lunacy is biggest threat: scientists

A letter signed by 264 scientists warns that "irrational" environmentalism is the greatest threat facing mankind. The letter, addressed to the heads of state attending the Rio Earth Summit, was issued in April, but was first published June 1 on the editorial page of the *Wall Street Journal*.

The text reads in part:

"We are . . . worried, at the dawn of the 21st century, at the emergence of an irrational ideology which is opposed to scientific and industrial progress and impedes economic and social development.

"We contend that a natural state, sometimes idealized by movements with a tendency to look toward the past, does not exist and has probably never existed since man's first appearance in the biosphere, insofar as humanity has always progressed by increasingly harnessing nature to its needs and not the reverse. . . .

"We stress that many essential human activities are carried out either by manipulating hazardous substances or in their proximity, and that progress and development have always involved increasing control over hostile forces, to the benefit of mankind. . . .

"We . . . forewarn the authorities in charge of our planet's destiny against decisions which are supported by pseudo-scientific arguments or false and non-relevant data.

"We draw everybody's attention to the absolute necessity of helping poor countries attain a level of sustainable development which matches that of the rest of the planet . . . avoiding their entanglement in a web of unrealistic obligations that would compromise both their independence and their dignity.

"The greatest evils which stalk our Earth are ignorance and oppression, and not science, technology, and industry, whose instruments, when adequately managed, are indispensable tools of a future shaped by humanity, by itself and for itself, overcoming major problems like overpopulation, starvation, and worldwide diseases."

Among the 264 scientists who affixed their signatures to this statement were 46 Americans, 27 of whom have won Nobel Prizes.

Finance

'Off-balance-sheet' risks could be '90s debt bomb

Off-balance-sheet liabilities could be the debt bomb of the 1990s, warned Allan R. Taylor, head of the Royal Bank of Canada, at the International Monetary Conference (IMC) meeting in Toronto. Taylor reminded participants of 1982, "when the debt bomb detonated in the case of Mexico and many saw the international financial system facing a collapse." Although

this bomb has been defused, 10 years later, Taylor warned, banks engaged in derivative products like swaps and options "must understand, which new risks they entered and how to manage these risks."

Washington Post columnist Hobart Rowen reported a few details of the semi-secret meeting of the "world's biggest commercial bankers" in Toronto. "It is just a few months short of 10 years since the news of Mexico's impending default on its international debt swept through the annual meeting of the World Bank and the IMF [International Monetary Fund] held here in Toronto in September 1982. The 'debt bomb' caught the banking world by surprise. It was just not supposed to be possible." Now the powerful bankers meeting in Toronto "took a retrospective look at the past decade and wondered if it can happen again. It already has, according to many European bankers, in the form of huge losses in loans to the former Soviet Union."

Wilfried Guth, a member of the board of Deutsche Bank, reportedly made the joke that bankers recognize their past mistakes and make new ones. As one surveys the recent collapse of Olympia & York Development Ltd., Guth's sardonic warning becomes clear. O&Y owes banks and other lenders \$12 billion. "It's about what we lost in Brazil," one French banker joked.

Energy

Russians plan to restart nuclear program

An official with Russia's State Nuclear Energy Safety Agency has confirmed an earlier report that Russia will resume its nuclear energy program, six years after Chernobyl. *Komsomolskaya Pravda* had reported that Yegor Gaidar had signed an order on March 26 to resume construction of an unspecified number of new power plants and to increase the capacity of existing ones.

According to Reuters, the document he signed grants "considerable privileges to regions where construction of a nuclear station was being renewed." But, the newspaper stat-

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ed, although that action might head off local protests, it could provoke an angry reaction from environmental groups abroad.

European politicians and environmentalists have tried to shut down the former Soviet nuclear program, but there are already shortages of electricity in the Far East and Siberia, and nuclear energy is seen to have the highest growth potential for new power generating plants. As the output of oil and coal has dropped, the nuclear option has looked more and more attractive to Russian government officials.

Meanwhile, Philadelphia Electric vice president Nick DeBenedictis, wrote a June 4 commentary in the *Philadelphia Inquirer*, stating, "It would be negligent not to plan for more nuclear energy." Even using the most optimistic projections of what can be "saved" through conservation, DeBenedictis states that the equivalent of 200 one-gigawatt generating stations, or 400-600 smaller ones, will have to be built in the next 20 years, according to the Department of Energy. Virtually no such large baseload power plants are even in the planning stages for the next decade.

Space

U.S., Russian scientists finish Antarctic trip

U.S. and Russian scientists recently completed an Antarctic expedition aimed at learning more about Mars. The joint expedition to investigate the physical, chemical, and biological properties of ice-covered lakes is part of a broad program at the NASA Ames Research Center to study life in extreme environments on Earth to gain an insight about life on Mars. "Research in the Antarctic using telepresence is helping to define the technologies we will use during future missions to Mars," Dr. Donald DeVincenzi of Ames states in a NASA press release.

Telepresence is the use of remote-controlled robotic systems in difficult environments, which become the researchers' eyes and hands.

Meanwhile, President Bush and Russian

President Boris Yeltsin will discuss space programs at their upcoming summit. According to the June 5 *Washington Times*, lifting the ban on the use of former Soviet rocket launchers for U.S.-made satellites may be a result of Yeltsin's visit to Washington. The Soviet-developed Proton rocket, which has been the workhorse of the Russian space launch program, could be used to launch an International Maritime Organization satellite, which is owned by a 64-nation consortium, and built by General Electric. The Russian bid for the satellite launch would be one of five.

Other space items on the agenda will deal not with commercial, but joint R&D projects, which have been under discussion between NASA and the Russian space agency, and which will depend upon stability in the Russian program.

Food

Government runs out of supplies for soup kitchens

The U.S. Department of Agriculture has suspended donations of government food from its storehouse in Atlanta, Georgia to various so-called soup kitchens, from which food for 250,000 people in the state has been provided each month. Government food stocks are running so low nationally that there is enough on hand only for the next few weeks.

Nationally, 7 million Americans receive some amount of food every month through local "food banks," that provide relief, and rely on government donations. Children will be especially hard hit as schools close and subsidized school lunch programs end for the season.

Moreover, in May, the USDA announced that as of July 1, it will no longer have enough flour to distribute to schools and relief programs, and other recipient agencies, such as prisons, hospitals, and orphanages, because supplies have run out for the "bonus" program these agencies rely on. The USDA will make available only the minimum non-bonus foodstuffs it has committed itself to providing.

● **EASTERN EUROPEAN** economies continue their steep decline, according to the latest review by the Vienna Institute for International Economic Relations. According to the report, industrial production declined by 11%, agricultural output by 5%, and GNP by 16% in 1991. None of the former socialist states can expect a recovery in 1992, it said.

● **THE PRESIDENTS** of top universities in the United States are quitting for lack of the funds needed to run their institutions. Michael I. Sovern, president of Columbia University, has announced that he is stepping down. He is the fourth top university president (Yale, Chicago, and Duke) to quit in recent months, citing the "difficulties of leading complex institutions in a time of limited resources."

● **BEAR STEARNS** former directors Edward Downe, Jr. and Fred Sullivan are among seven individuals being sued by the Securities and Exchange Commission for an insider trading scheme in which the men made over \$13 million between 1987 and 1989. The SEC called this "one of the most significant and largest insider trading cases ever."

● **AT&T** has hired 100 scientists at the General Physics Institute in Moscow, and Corning Glass has hired 115 from the Vavilov State Optical Institute and the Institute of Silicate Chemistry, in St. Petersburg, for work on fiber optic cables, which, coupled with small, low-power lasers, are being developed for long-distance phone and data communications systems. The Russians will each receive \$40 per month.

● **TUBERCULOSIS** rates are soaring in the state of Maryland. Roxbury Correctional Institution in Hagerstown is facing a possible epidemic of drug-resistant TB. After discovering an inmate with active TB had been prematurely returned to the general population, testing was begun. Warden Jon Galley told *EIR* that 389 inmates and 28 guards (20% of the population), have tested positive.