

# Business Briefs

## Markets

### Those who invested in Soviet Union may lose all

So-called experts are finally admitting the reality of the breakdown crisis and drift toward civil war in the Soviet Union, and that this means investors are about to lose everything.

"The Soviet Union is on the verge of civil war, and Western investors will get burned," Judy Shelton of the Hoover Institute told the Jan. 20 *New York Times*. "They are in the same position as they were just before the Bolshevik Revolution. Then, France had one-quarter of its foreign investment in Russia. It lost it all."

But experts are still babbling inanities. Shelton believes that the Soviet Union will become a confederation "like Canada" within ten years. Charles Hugel, former chairman of Asea Brown Boveri, said civil war is impossible because the "people there are not armed," and hailed the new prime minister, Valentin S. Pavlov, because Pavlov's son worked for a New York bank for a while. Former U.S. ambassador Arthur Hartman contends that the foes of reform have deliberately wrecked the Soviet economy.

## World Trade

### Soviets request help on pipeline project

The Soviet government, a Japanese trading house, South Korea's Hyundai group, and a U.S. oil concern are planning to lay a 10,000-kilometer pipeline to transport natural gas from the Soviet Union to South Korea and Japan. Sources quoted the Soviet Trade Representative's office as saying that Gorbachov will seek cooperation from the Japanese government in the \$10 billion plan when he visits Japan in April. Kyodo news service reported Jan. 2.

The Soviets and Tokyo Boeki, a Tokyo-based trading company affiliated with Mitsubishi, are planning to ask North Korea and Red China to participate in the plan, the sources said. The plan calls for developing natural gas in the Yakut region, where reserves are anes-

ated 1 trillion cubic meters. The natural gas would be transported via the pipeline to Kitakyushu in southern Japan via Yakutsk, Blagoveshchensk, Khabarovsk, Vladivostok, the Korean peninsula, and the Tsushima Straits. The pipeline would then run up the seacoast of Japan to Hokkaido, and be extended to Sakhalin. The natural gas field would be developed mainly by an unidentified U.S. oil company, and the steel products would be supplied by Japanese steel manufactures.

If China joins in the project, a pipeline spur would branch out into northeast China. Japan and South Korea would be able to obtain the gas for about 30% less than the market price. Some natural gas would be provided to North Korea free of charge for allowing the pipeline to be laid through its territory.

## Industry

### Soviets look to South Korean know-how

Nursultan Nazarbayev, chairman of the Council of Ministers Presidium of the Kazakh S.S.R., recently visited Korea and indicated great interest in South Korean industrial know-how, the Moscow International Service reported Dec. 12.

Nazarbayev said of the Korean technology: "We think that these assets and the entire course of Korea's economic growth are a very proper experience for our republic. We plan to employ this experience in our republic. . . . We were deeply touched during our visits to the enterprises of Samsun, Hyundai, Daewoo, and Gold Star groups.

"The question of rendering aid through loans to our country will be probably referred to during President Noh Tae Woo's visit to the Soviet Union. In the course of our visit, there was an agreement on the allocation of a considerable amount of this loan to Kazakh to secure funds needed for Soviet-Korean cooperation.

"I invited Korean businessmen to visit Kazakh to help them directly grasp the potentials of our republic."

Nazarbayev cited Korean aid in agriculture, building small and medium-size enter-

prises, processing minerals, petroleum, and gas, assembling wireless electronic products, and in car production, as particularly desirable. The biggest obstacle to cooperation is the lack of a convertible currency.

## Underground Economy

### Drugs funded Australian land boom

Overseas and local criminals are channeling drug money into the purchase of upper-market property, especially in Sydney, Australian federal Minister for Justice Senator Tate charged, the *Australian* reported Dec. 24.

"There's no doubt in my mind that the huge increase in land and house prices in Sydney was in part the result of the channeling of drug money," he said. "And that's been happening time and time again, not only with Australian criminals but with overseas criminal groups who've channeled their money into the Sydney property market."

Police say that in one instance \$37 million was laundered from Hong Kong over four years through purchases with money transferred into an Australian bank account. After waiting up to a year to avoid capital gains tax, the buyers sold the property and the clean money was transferred back to Hong Kong.

## Science

### Pulsar discovery shows gravity not dominant

The unexpected discovery of numerous pulsars within "globular clusters" of stars is upsetting some strongly held ideas in astronomy and astrophysics. The discovery was reported to the American Astronomical Society at its semi-annual meeting in Philadelphia Jan. 16, by Shrinivas Kulkarni of the California Institute of Technology. The data come from observations with the Hubble Wide Field/Planetary Camera, and the Arecibo Radio Telescope in Puerto Rico.

## Briefly

Pulsars (cold, spinning stars of incredible density, the imploded remnants of supernovae believed to be composed of neutrons) should exhibit tropic behavior according to prevailing thinking—they should rotate ever more slowly, and should show no tendency to resist their own self-gravitation. But “it appears that the implosion has been reversed. Instead of collapsing together, many of these pulsars have formed into binary stars” (paired stars in orbit around each other), the *Washington Post* reported. “Meanwhile, as the binary pairs form, their gravitational energy is communicated to surrounding stars and gas, halting the collapse of matter. . . . As a result, the globular cluster that once seemed doomed to collapse has apparently begun to bounce back and spread out again,” the paper reported.

The only astrophysicist to have predicted this general form of behavior is Victor Ambartsumian of the Yerevan Astrophysical Observatory in Armenia, a former president of the International Astrophysical Union. Ambartsumian, while world famous for his observational work, has been ignored for decades in connection with his hypotheses.

The discovery of pulsars in globular clusters also upsets other applecarts. Globular clusters are spherical clusters of stars that are found in the galactic halo—a large sphere of diffuse matter whose equator is defined by the perimeter of a galaxy’s disk. The stars in globular clusters are too small to produce supernovae, and supernovae, if they occurred, would disrupt the clusters.

### Agriculture

#### A third of Australian farmers about to default

Nearly one-third of Australian farmers will be unable by June to repay their banks and other debts, the National Farmers Federation (NFF) has announced, the *Australian*, reported Dec. 28.

The vice president of the NFF, Graham Blight, told the daily that the nation is facing the first significant contraction in agricultural output—and export income—in 20 years. He said that the risk of huge debt defaults by as

many as 40,000 Australian farmers was real as the rural crisis deepens. “The big question is how the banks will respond to defaults on such a scale, because much of this non-repayment is not simply likely, it’s inevitable,” Blight said. “It’s in the community’s interest to avoid a mass exodus from agriculture,” he emphasized.

Blight said there was a dearth of accurate information on the extent of the rural crisis, so the NFF had commissioned a national survey which would produce results by March. “On present estimates, I’d say about 5% of farmers are in a hopeless situation, while another 30% or more will be unable to pay their bills or put in another crop,” he said.

### Energy

#### Sudan could become major oil producer

The African nation of Sudan began pumping its first oil at the end of 1990, but its potential to become a major oil producer is being sabotaged.

The wells are now producing 500 barrels a day, and engineers expect 3,000 barrels a day by March. The pumps are low technology, and the oil quantities are symbolic, but the flow dramatizes the presence of the rich Sudanese oil resources.

Experts have estimated that the Sudan could produce 2.6 million barrels of oil a day, making it the world’s third largest producer. There are significant oil reserves in three areas—in the Blue Nile province in southern Sudan, the south central South Kordufan province, and, mostly natural gas, on the Red Sea, north of Port Sudan. The deposits were mapped as of the early 1980s by Chevron engineers, and plans were made to pipe oil from Kosti (central Sudan) to a proposed refinery on the Red Sea. Plans were dropped after political bickering and a Saudi payoff to Chevron.

The Sudanese oil requires sophisticated extraction technology available only in the U.S., which refuses to allow access to Sudan. Sudan has proceeded on its own, and at present is trying to buy a small oil refinery.

● **RUPERT MURDOCH’S** global media conglomerate may collapse by the end of January, experts predict. Negotiations to reschedule News Corp.’s \$7 billion in debt are going badly, with continental European banks still refusing any new money for the group. The two banks most exposed are Citicorp and the troubled Midland Bank of the U.K.

● **HOUSEHOLD** formation in the U.S. dropped by two-thirds in 1990, to only 600,000 from 1.8 million in 1989, according to the *Federal Letter*. The sale of diamonds—principally engagement and wedding rings—fell 35% from the first half of 1990 to the last half.

● **JAPANESE** and German industrial output is rising twice as fast as that of the U.S., the *Bangkok Post* has reported, based on figures released by the International Monetary Fund for July, August, and September of 1990.

● **THE TAIWANESE** central bank has shifted over \$20 billion of its dollar holdings to the U.S. Federal Reserve Bank and foreign banks in the U.S., the French daily *Libération* reported Jan. 16. Cr dit Lyonnais director of economic studies Jean-Paul Betbeze told the paper that “A crisis of confidence could be dramatic: nothing could stop it. The Taiwanese decision is a very bad sign for the health of U.S. banks.”

● **EVICCTIONS** and foreclosures have shot up in New York City area suburbs. The largest increase has been in New Jersey. Since 1986, evictions in affluent Bergen County have risen 25%, while mortgage foreclosures have more than doubled since 1988. In Connecticut, the foreclosure rate nearly tripled in one year.

● **BANGLADESH** is being subjected to trade war by the United States. That desperately poor nation is likely to lose \$35 million after the U.S. slapped restrictions on the import of garment items.