31, Brazil must repay $15.3 billion in dollar-indexed debt, much of it short term.

But, by Sept. 17, even the short-lived rally in stock markets around the world had ended with a stampeding sell-off. Confirmation by Federal Reserve Board Chairman Alan Greenspan and central bankers from other members of the Group of Seven nations, that there was no prospect of a coordinated global interest-rate cut to calm the financial markets, triggered heavy selling from Frankfurt to Paris to São Paulo to New York. At this writing, the question seems to be whether the world can afford to wait even 30 days for the emergency G-22 meeting asked by President Clinton.

Allais: 'World is now one big casino'

France's Prof. Maurice Allais, Nobel Laureate in Economics, sent greetings to the Labor Day conference of the International Caucus of Labor Committees and Schiller Institute. In addition to his economic expertise, Professor Allais has done research in physics, which has been published in 21st Century Science & Technology *magazine. At 87 years old, he comes from the generation that remembers industrial production and what a real economy looks like.*

Professor Allais asked us to excerpt some of his remarks on the economic situation from a 1992 paper he wrote, on "The Monetary Conditions of an Economy of Markets." Emphasis is in the original.

[p. 6] The disorders which took place in the Western economies can in no way be considered as the inevitable result of the working of an economy of markets: They were, and they are generally, the very consequences of the implementation of inappropriate policies.

[p. 8] The world economy as a whole rests today on gigantic pyramids of debts, buttressed one against another in a fragile equilibrium. Never in the past had such a colossal accumulation of promises to pay been witnessed. Undoubtedly, never will it be so difficult to master.

Be it speculation on currencies or speculation on stocks and shares, the world has become one big casino with gaming tables distributed along every latitude and longitude. The game and bids, in which millions of players take part, never cease. The American quotations are followed by those from Tokyo and Hong Kong, then from London, Frankfurt, and Paris. Everywhere speculation is supported by credit *since one can buy without paying and sell without owning*."

[p. 9] Both in the case of exchange rates and in that of share prices, there arises more often than not *a gap* between the data of the economy in real terms and the nominal prices determined by speculation. Frenzied and feverish speculation is everywhere enabled, fuelled and amplified by the credit *as it operates*. Never in the past had it attained such a magnitude.

[p. 10] Indeed the responsibility for the disorders we see does not lie with the speculators themselves but with the present institutional framework, which is totally inappropriate.

[p. 11] Certainly it is intellectually and politically scandalous in the extreme that after two centuries of recurrent major crises, the Western democratic societies have still proven unable to specify the economic institutions within which conjunctural fluctuations would be, if not eliminated, at least considerably reduced.

[p. 13] For two centuries at least, deep monetary disorders have been observed within Western economies of markets. These disorders have had major consequences on output, employment, and the distribution of income.

They have given rise to considerable variations in the real value of money, to the impossibility of sound economic calculus, to a highly inequitable distribution of income, to ethically unacceptable rates of unemployment, and finally to a permanent tendency to the despoiling of savings.

[p. 38] The weaknesses of *Wall Street* today are the same as those that led to the 1929 depression. They have merely become more acute. Nor are they a specifically American characteristic. . . .

Its effects are fundamentally very bad: *The generation of a permanent potential instability and a growing disconnection between the financial system and the real economy*.