

# Business Briefs

## Water Management

### Israel seeks desalination technology from Russia

Israel is interested in purchasing technology for water desalination from Russia and the Community of Independent States, Israeli Foreign Minister Shimon Peres declared in talks with Russian Vice President Aleksandr Rutskoy in Moscow on Aug. 21. Rutskoy had been in Israel only weeks earlier. The Peres visit to Moscow is the first by an Israeli foreign minister since 1948.

Addressing the water issue as a potential cause, if not solved, of future wars in the Mideast, Peres called for a "new balance between land, men, and water resources," and spoke of a cooperation between Israel and neighboring Arab states to find a solution to the chronic water scarcity in the region.

Israel is especially interested in buying the kind of water desalination equipment that has been produced in Chevchenko, a port on the Caspian Sea, and used with considerable success in Kazakhstan and Turkmenistan.

Peres also spoke of a "much more positive role" that Russia could play in the Mideast, as compared to the role of the former U.S.S.R.

## Russia

### IMF attacked amid call for economic emergency

Russian Vice President Aleksandr Rutskoy has called for an immediate "economic state of emergency" to be implemented in Russia, in a statement warning that the situation in the country is "about to go out of control."

The industrial production of Russia is collapsing, Rutskoy warned, and the patience of the population is coming to an end. He said that the break-up of the state planning structure had been carried out too fast, with very negative effects for the economy.

Rutskoy's call came as Viktor Gerashchenko, appointed in July as acting chairman of Russia's central bank, told the Aug. 20 *Washington Post* that the tight monetary policies imposed by the International Monetary Fund (IMF) have brought many state compa-

nies to the brink of bankruptcy. Gerashchenko called for renegotiation of key provisions of the IMF "reform" plan, warning that, if rigidly applied, it could lead to the destruction of Russia's industrial base.

When a high-level IMF team arrives in Moscow in late August, Gerashchenko said he will press for an increase in the IMF's 700-billion-ruble limit on new central bank credits for state enterprises during the last half of the year. "In our opinion, it is not an adequate amount," he said of the credit ceiling, which is roughly 7% of Gross National Product.

## Great Projects

### Japanese plans turn Prince Philip pale

Large-scale infrastructure projects are not favored by Britain's Prince Philip. A Reuters wire on Aug. 16 carries the following report:

"The chairman of GIF [Global Infrastructure Fund] Research Foundation is Eishiro Saito, former chief of Japan's biggest business group, Keidanren. Saito calls GIF his 'pet project.' He told Britain's Prince Philip, president of the World Wide Fund for Nature, of his dream to melt Himalayan snow and ice to form a huge reservoir which could be used, for example, to green the African desert. 'The color of his [the prince's] face changed and he became upset,' recalled one Keidanren official present at the meeting. 'He kept repeating 'hopeless, hopeless.'"

"Saito made clear he was looking far into the future, perhaps 200 to 300 years. 'The prince told us the human species might not even last another 50 years,' the Keidanren official said."

## Energy

### Predict nuclear expansion in Asia

Only a Chernobyl-style catastrophe will stop massive expansion of nuclear power in Asia, said Hans Blix, the head of the U.N.-controlled International Atomic Energy Agency (IAEA), in an exclusive interview with Germany's *Die Welt* daily Aug. 17. Taiwan and

South Korea have the most ambitious programs for nuclear power development, he said, but Japan, and even more so mainland China, are looking to nuclear power as the solution to their increasing energy needs. The only thing that could force them to re-think their policies would be a disaster of the scale the Soviets had in Chernobyl in 1986, Blix said.

Ongoing talks about a prolongation of the Non-Proliferation Treaty beyond the year 1995 are to make sure that this development in Asia comes under the control of the IAEA, Blix declared.

Furthermore, worrisome developments in the direction of a bomb-building nuclear capacity in South Korea, Pakistan, India, and some other countries like Iraq, Iran, Argentina, and Brazil have to be monitored closely, Blix said. He also made a special point of the need to prevent Europe from taking its nuclear power controls into its own hands, which would reduce the role of the IAEA and, more dangerously, set a bad precedent for other regions that want to escape the IAEA regime, such as Africa, Asia, and Ibero-America.

## Space

### France steps up international cooperation

The French space agency CNES is increasing its cooperation in space projects with two countries outside the complement of European nations in the European Space Agency, Russia and the United States, according to *Aviation Week*. The ESA programs have been cut back and stalled due to the inability of member nations, particularly Germany and England, to stick to previously agreed-upon schedules and funding levels.

In July, CNES signed a memorandum of understanding with the new Russian space agency which specifies four more flights of French cosmonauts on the Mir space station between now and the year 2000. French cosmonaut Michel Tognini returned on Aug. 10 from a 14-day Mir mission.

*Aviation Week* also reports that the French are teaming up with the United States in future follow-on projects to the mid-August launch of the Topex-Poseidon ocean survey spacecraft.

The data received from the spacecraft will open a new window on mapping the oceans.

France also plans to try to involve the Russians more in joint programs with the United States, such as the Mission to Planet Earth remote sensing efforts.

## **Military Procurement**

### **China buys Ukrainian aircraft carrier**

Communist China has bought a 65,000-ton aircraft carrier, the *Varyag*, still under construction, from the Republic of Ukraine, according to British and U.S. military sources, London's *Sunday Telegraph* reports. The \$2.4 billion deal was concluded in Moscow in July, the sources say.

The non-nuclear carrier will not be completed for at least five years, however.

Analysts say that the deal was a secret factor in the Russian-Ukrainian negotiations on the Black Sea Fleet, which were completed with an agreement for joint command for three years. The Chinese funds will reportedly pay for the Black Sea Fleet command's running costs.

The Chinese will reportedly pay cash in three annual hard-currency installments. When the carrier is finished, the Chinese may have to turn to the West for advanced electronics and weapons systems, according to Antony Preston, editor of *Naval Intelligence*.

The Chinese are also buying Russian Sukhoi Su-27K Flanker fighter aircraft, which are equipped for carriers.

## **Economic Theory**

### **Hamilton, not Maastricht says German paper**

Supporters of European integration should rather study the example of the 1791 Hamiltonian Bank of the United States than continue with the Maastricht Treaty process which is meeting more and more resistance in Europe, says an editorial in the economic section of the German daily *Frankfurter Allgemeine Zeitung*

Aug. 18. In a certain way, European integration today is faced with the same kind of problems as those 13 states that formed the new United States of America after the war of independence, the author of the editorial argues.

The Maastricht Treaty, with its monetary union and central bank scheme, resembles the first banking experiment in the United States, which lasted only from 1783 to 1787 and vanished in economic disarray, inflation, and monetary turmoil. The second try created the 1791 First National Bank, which was a success because it was based on a sound concept and a higher degree of economic cooperation, the editorialist writes.

This 1791 U.S. model set a standard that should be studied, rather than other monetary unions of recent history that failed. The Maastricht scenario will share the fate of the failed unions, warns the editorialist—ostensibly reflecting a heated debate among economic-monetary experts about essentials of policy.

## **Labor**

### **Polish strike spreads to new layers**

Two more groups of Polish workers have walked out in sympathy with striking copper and car workers, Reuters reports from Warsaw. Coal miners at the Czczott mine in southern Poland and about 100 workers at the Gdansk shipyard downed tools to press for pay demands. Union representatives said the action backed month-long stoppages at the huge state-owned copper combine KGHM Polska Miedz SA and at the FSM car factory, which is due to be taken over by Italy's Fiat SA. At FSM, production of the Fiat-designed 126 has stopped because of a shortage of the parts made by the strike-hit plant in Tychy, southwest Poland.

Writes Reuters, "Leaders of six radical trade unions, which have joined forces to call for a break from harsh market reform, have threatened for weeks to press their own demands and the grievances of the FSM and KGHM workers with widespread action. But up to now the threat has not materialized. Andrzej Dolniak, member of the praesidium of the national commission of the small Solidarity 80 trade union, said the strike at Czczott marked the start of a countrywide action."

● **THE BOARD** of Trustees of the American Medical Association will vote on a resolution supporting Space Station Freedom in October, according to *Washington Technology*. The scientific establishment has mobilized opposition from nearly every "scientific" group.

● **ISRAEL** and China initialed a trade pact on Aug. 19, the London *Financial Times* reported. El Al Israeli airlines has also announced that it will begin twice-weekly direct flights to Beijing in September. Zvi Koren, Israel's trade and industry ministry director, said that the trade agreement would enable Israel "to enter the Chinese market directly and smoothly, without barriers."

● **BONNEVILLE** Power is preparing to cut electric power to aluminum and chemical industries and several cities in the U.S. Northwest, due to water shortages, the Aug. 19 *Journal of Commerce* reported. Critics argue that the shortages would not have occurred if the Army Corps of Engineers had not drained two reservoirs on the Snake River earlier this year, as part of a fisheries experiment.

● **KISSINGER** associate Conrad Black wants to take over the bankrupt *New York Daily News*, which once belonged to the press empire of the deceased Robert Maxwell. Black already controls key dailies in the Anglo-American world of opinion-makers, like the London *Daily Telegraph* and the *Jerusalem Post*.

● **UP TO ONE MILLION** British homes may be worth less than the value of the mortgages the owners took out to buy them, the Bank of England said in a report issued Aug. 24. A recent study by Morgan Grenfell put the figure at 1.5 million, Reuters reported.

● **UNEMPLOYMENT** in Britain could reach 6 million in two years, up from its near-3 million level now, a report from the Federation of Small Businesses issued Aug. 17 warned.