

by a foreign investor in U.S. timber stocks, that investor acquires on average \$3 in potential returns. Although the return on timber investments is not short-term and occurs over decades, this is still a handsome sum, bolstered by the fact that, as the U.S. industry is currently organized, it is viewed largely as "recession-proof."

Foreign investors argue that timber is "recession-proof" only partly because it is a "basic needs" industry. Just as important, they insist, is the regional structure of the industry. After decades of overharvesting in the Pacific Northwest, the leading supply source in the country, a boom in timber development is beginning to take off in the U.S. southern states. The U.S. Forest Service forecasts that by 1990, the Pacific Northwest will produce 32 percent less than it did in 1976, and that supplies will drop an additional 16 percent from 1990 to 2000. The Forest Service is also planning to withdraw an unstated volume of current commercial timberland acreage for wilderness designation.

This means that even with depression-related declines in demand, the supply of timber should fall more rapidly, and prices for Southern timber rise faster than average inflation rates. Under such conditions, anyone moving into Southern timber today expects to gain guaranteed earnings over two decades on that investment—whatever happens to the rest of the economy.

Concentration of farmland

The largest volume of privately-held land in the United States is viable farmland, spanning 1.049 billion acres. The spreading bankruptcy wave among independent U.S. agricultural producers is fueling the concentration of land ownership in the hands of fewer and fewer individuals.

During the 1970s, there was a surge of enthusiasm by private foreign investors for acquiring U.S. farmland. Specialists report, however, that these foreign investors have become increasingly disenchanted, having discovered that the relatively high levels of mechanization of U.S. agricultural output demands high-cost, continuous management expertise and investment.

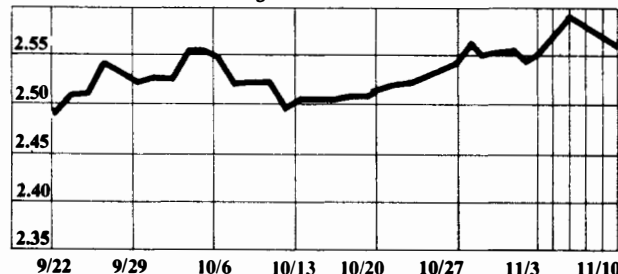
The push towards concentration of ownership, however, has not abated. Larger concerns, including insurance and energy companies are now pushing into the market, aiming to transform increasing volumes of acreage from productive activity into profitable real-estate holdings.

Immediately, the concentration of ownership of farmlands will be affected by a fight brewing in Washington over proposals for the federal government to sell off about 1 million acres in grazing lands used by ranchers. There is a "hush" climate around implementation of this policy. A core group of ranching interests around Sen. Malcolm Wallop of Wyoming are attempting to use the measures as a way of closing competing, independent ranchers out of government grazing lands. Wallop, a cousin of the British House of Windsor, has been a leading figure in manipulating the concentration of land ownership in an ever smaller number of hands.

Currency Rates

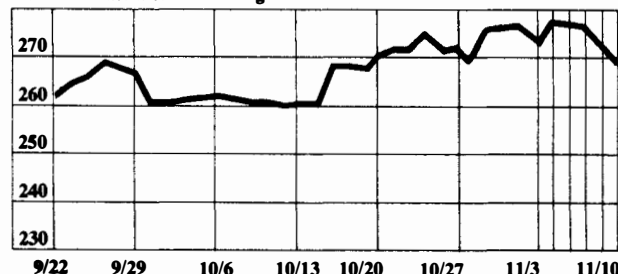
The dollar in deutschemarks

New York late afternoon fixing



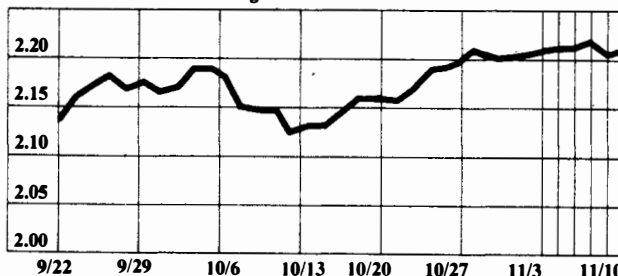
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The British pound in dollars

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