

Business Briefs

Agriculture

PIK a handout to the conglomerates?

The Payment in Kind crop reduction program is still making news, but not by its success at reducing U.S. crop production. As a result of giving PIK farmers commodity payments beyond the statutory limit of \$50,000 per farmer regardless of how much land the farmer took out of production to qualify for the program, many farmers holding PIK certificates could find the silos empty when it's their turn to collect their commodities.

According to a General Accounting Office (GAO) audit of 708 participating farmers in nine states, the majority were averaging \$175,000 in "free" commodities, with 35 over \$500,000 and another seven with payment valued at more than \$2 million each.

Of the 10 farmers scheduled to get the largest payments, eight were cotton producers in California, several of which are owned by large out-of-state conglomerates such as the Bangor Punta Corporation and Prudential Insurance. While the conglomerates benefit from the PIK, the large corporate-family farms also benefit in the same way. It is the large family farms which are being hit by tax laws and inheritance laws designed to get them out of farming.

Should Agriculture Secretary John Block agree to enforce the ceiling limit, many farms that enrolled a large percent of their land into the program will be receiving much less in PIK crops than they thought they would.

Energy Policy

Spain cuts back on nuclear program

The Spanish government announced on Oct. 20 that it was halting 5 of the 12 nuclear reactors under construction, because eco-

nomics forecasts showed dropping demand for nuclear energy.

Bertrand Goldschmidt, the head of the Atomic Energy Commission of France, addressing an early-November conference of the Forum Atomico Español, blasted the Spanish Socialists as even more foolish than their French counterparts.

Seventy large towns have declared themselves "nuclear-free zones." That is supposed to have an anti-military connotation, but in fact, town councillors have battled with the Civil Guard recently to prevent nuclear waste from being moved through the area and so on. The Communists in these towns have demanded that nuclear technologies be banned for civilian as well as military purposes. Thus far the Socialists have not given into that demand.

India

Forced to depend on Soviets for energy?

India will be increasingly dependent on the Soviet Union for developing its nuclear industry, according to an article in the Nov. 8 *London Times*. The idea is that India has the scientists to accomplish the job but not the engineers, and faces a cutoff from the West of aid and fuel. Their heavy-water reactors and fast breeders have been set back as a result.

"The reluctance of the Western powers, particularly Canada and the United States, to supply India's technological needs (though they are now being met indirectly through third parties) is having the effect of making Indian authorities look favourably on offers of nuclear support from Russia. But observers here feel that Russian help will reduce India to the status of a dependent client state."

The Swiss *Neue Zürcher Zeitung* recently referred to Indian discontent with the backwardness of Soviet technology, describing this as a reason for India's attempted opening to the West.

Food Policy

EIR addresses food conference in Sweden

At a conference on the impending global food conference sponsored by the Club of Life in Gothenburg, Sweden, on Nov. 5-6, *EIR* Stockholm bureau chief Clifford Gaddy accused the Malthusian-minded networks who control world food supplies of operating on the basis of a "self-fulfilling prophecy." First, Gaddy said, they destroy Third World countries' ability to feed themselves, by forcing those countries to halt vital infrastructural development under International Monetary Fund conditionalities; now they are also destroying the high-technology agriculture of the United States. Food shortages, he declared, are totally artificial and unnecessary.

Gaddy contended that reform of the international credit system and the immediate launching of large-scale projects for water control, energy, and transport would vastly increase agricultural productivity.

William Jones of the Club of Life discussed the economics of parity in agriculture—a fair price to cover costs of production plus necessary technological investment for the future. Sweden, as well as the United States, still has elements of a parity system, which are under attack from both left and right. "Free enterprise" advocates, according to Jones, refuse to understand that the parity system is the best modern expression of the principles of industrial capitalism.

After reviewing what Swedish agriculture could do for a starving world, Jones referred to the fact that the conference was taking place on the birthday of the great 17th-century leader King Gustavus Adolphus, and called on Swedes to apply what he called the "Gustavus Adolphus principle": "to create a strong, modern nation-state at home and then use the power thus created to intervene for good in the world outside."

A highlight of the conference was a color film made available by the Swedish dairy

equipment manufacturer Alfa-Laval, on the greening of the deserts in Saudi Arabia.

As shown in the film, the Swedish company has created one of the world's biggest integrated dairy farms, with 25,000 cows, in only four years in the middle of a desert. Saudi officials are shown stating that "this project proves that with the proper help from the industrialized countries to the Third World, we can feed every being on earth, and feed them well!"

Corporate Takeovers

Dirty money clubs fight over Eagle Star

Lord Peter Carrington, former U.K. foreign minister, and a nominee for the post of NATO General Secretary, is up to his ears in London's takeover battle for control of Eagle Star Insurance. This is hardly surprising, considering that the showdown for control of Eagle Star, which involves West Germany's Allianz insurance group versus Britain's BAT industries, reflects a larger competition between financial power centers vying for control of narcotics and other dirty money flows.

Allianz—which is based in Munich, and represents Germany's largest pool of disposable investment power—has increased its offering for Eagle Star to over 600 pence per share, as of Nov. 12. In addition, the Office on Fair Trading, which has authority to interrupt takeover bids, decided not to make use of this authority. The chances for the counterbid against Allianz, put up by British-based BAT Industries, are dimming.

The investment bank advising Allianz in the showdown is Morgan Grenfell—the outpost for sons and friends of British foreign secretaries, including Carrington.

In London and Hong Kong, Carrington has been working to increase the direct control of his Munich/Swiss Freemasonic allies over the global channels for laundering huge amounts of investment money, in anticipa-

tion of increasing crises on the thinly based offshore markets.

In fact, Allianz's effort to take control of Eagle Star coincides with major new steps by Britain to tighten its long-term control over Hong Kong. The British dilemma is that as such efforts are made, Carrington and others are inviting the Central Europeans and the Swiss to take command, through the back door.

Banking

Regional lenders describe plight of farm sector

Discussions *EIR* researchers have held with regional bankers in agricultural areas around the country underline the precarious financial situation of U.S. agriculture.

The president of a Kansas bank, asked about the cost of purchasing a farm, outlined the inability of grain farmers under the age of 40 to survive with existing grain prices and the speculative increases in the price of land which accelerated throughout the 1970s.

The purchase of a wheat farm in Kansas today would require an initial investment of almost \$1.25 million, for land which would have cost \$275,000 in 1971.

In California, an agricultural loan officer in the cattle-raising section laid out the costs of pasture land and the price per pound received for beef calves. The financing cost on newly purchased grazing land would make up 75 percent of the value received for the calf.

Agricultural extension specialists and economists in land-grant colleges agreed that the entry costs of farming at this point are prohibitive, even with the softening of land prices during the past few years.

EIR economists calculated that the combination of high interest rates and the speculative pressures on land prices over the past decade have added approximately 35 percent to the costs of production of most commodities.

Briefly

● **THE UNITED NATIONS** has just released a two-year study showing that the world narcotics traffic is primarily controlled by Peking. The investigation was headed by a former Israeli colonel. The findings counter the argument of recent years that world heroin traffic has largely shifted to Pakistan and Asia.

● **BRITISH PETROLEUM** has begun drilling the first oil exploration well in the South China Sea. The announcement follows a four-day British mission to China. This is one of five BP contract licenses in the Pearl River Basin area. Other companies include Exxon, Shell, Occidental, and Tricentrol and Cluff (the latter two are British independents). Pearl River is projected to have reserves of 25-50 billion barrels, and two 500-million barrel fields could be producing 300,000 barrels a day by 1987.

● **THE CHINA OCEAN** Shipping Company ordered nine container ships with three German shipyards, worth DM 482 million. The order is financed by the Kreditanstalt für Wiederaufbau including aid on interest by the federal government. This will guarantee employment in three shipyards until 1985.

● **CITIBANK** debt-shooter Bill Rhodes, in a London speech before the IMF's advisory Group of Thirty, said that banks will have to grant the Third World lower rates and fees. Mexico, because of its adherence to the IMF, will be granted these concessions, he said, following similar concessions to the Brazilians negotiated by Rhodes this month.

● **THE ADAM SMITH** Institute of England proposes to end all forms of agricultural support, arguing that supports cause "distortions" and force farm producers off the land. The Nov. 1 *Financial Times* countered derisively that during the heyday of free trade, "a far greater exodus occurred" and "whole areas of Britain were made derelict."