

Business Briefs

Russia

Military worries over scientific 'brain drain'

"By losing researchers we are losing the country," *Krasnaya Zvezda*, the Russian military newspaper, warned on April 1. *Krasnaya Zvezda* was again expressing its concern over the problems of Russian science and the need to preserve the nation's intellectual potential, according to Itar-Tass news service.

Krasnaya Zvezda emphasized that "the intellectual wealth of the nation cannot be squandered as simply as that." If the process gains momentum, the country will find itself "stagnating even more than during the 20 years of Brezhnev rule." It called for "ensuring full employment at research centers, raising the role of science in everything we do in order to avert voluntarist and extremely expensive blunders," and "raising the material and moral prestige of those who represent Russia's intellectual elite."

Krasnaya Zvezda also reported on a recent Russo-Japanese symposium in Moscow which brought together numerous prominent scientists from the two countries to discuss security on the Asian continent. "The main result of the discussion was the unanimous view that both Russia and Japan are vitally interested in strengthening security in the Asian-Pacific region, and that much in this sphere depends on the two countries," it said.

Germany

Bundesbank's Issing makes strategic blunder

In an April 1 speech, Bundesbank chief economist Otnar Issing made the dangerous and misleading statement that the unprecedented economic crisis savaging all sectors of German industry is "not a structural crisis, but merely a typical cyclical downturn."

One City of London analyst responded, "Issing's words are especially foolish because it helps keep any effective urgent intervention from government from being mobilized. He clearly must know that what is cutting through

Germany's steel, auto, chemicals, machine tool, and other sectors is not a mere postwar recession which will end as interest rates come down. It is structural in that entire parts of German industry are permanently disappearing, sending jobs to Korea or China. This aspect is not being addressed for the enormous problem it is."

A detailed examination under way by *EIR* of the present structural crisis hitting German industry generally, confirms that what is now hitting the core industrial base of continental Europe, notably Germany and France, is the most serious collapse since the 1930s. The Group of Seven policy orientation to advocate globalization and the removal of national protection of industry, has created the situation in which, seemingly overnight, entire industrial regions of western Europe are suddenly becoming wastelands. The process is an accelerated version of the devastation which has destroyed America's industrial base over the past 15 years.

Economic Policy

FAZ covers 'Productive Triangle' proposal again

The Paris-Berlin-Vienna "Productive Triangle" proposal for the economic development of Eurasia, authored by American economist Lyndon LaRouche, was covered for a second time by the German daily *Frankfurter Allgemeine Zeitung* on April 14. On March 16, the paper had published a letter by Prof. Taras Muranivsky, rector of the Ukrainian University in Moscow, endorsing LaRouche's proposal (see *EIR*, March 26, pp.10-11). This time the paper published a letter by reader Damir Ostovic, a resident of Zagreb, Croatia in support of the LaRouche method and endorsing Muranivsky's argument against the International Monetary Fund (IMF) looting of the East.

"I was personally motivated by the second part of the letter, in which Professor Muranivsky mentions the proposal by Lyndon LaRouche for the Productive Triangle, which covers the geographical area of Central Europe, and extends toward other regions of Eurasia in the form of spirals," Ostovic wrote.

"My own country, which is going through a process of transformation—shown as well by the lack of conceptual orientation, the collapse of production, and, what has meant a great disaster, the brutal war—is part of the aforementioned region. Because of that, it would be good if that proposal could be presented in your newspaper to a broader audience, coupled with an evaluation of its applicability and an elaboration of the differences with examples of other centers, like London or Turin."

Banking

Developing nations set up own institution

Members of the Group of 77 (G-77) developing nations voted on April 8 to set up their own development bank, with an initial \$2 billion in capital, Reuters reported from Yaounde, the capital of Cameroon.

A statement at the end of a conference there said that 60% of the capital for the new bank would come from commercial banks and chambers of commerce in the 128 member countries, and the rest would come from industry and private investors.

The statement quoted a preliminary study, which estimated that the bank could lend at 4-6% rates of interest, as opposed to the 7-11% now charged by institutions such as the World Bank.

AIDS

Alarm sounded over eastern Europe

Fear that the AIDS epidemic will now spread as fast in eastern Europe as in Africa or Southeast Asia, although only 25,000 HIV cases have been reported in the countries of the former Soviet Union so far, emerged at a World Health Organization (WHO) conference held in Riga, Latvia on April 1-4. Preventing such a development would be a clear test of the West's fitness to survive. But the main "break-

through" of the conference, as reported by the French daily *Le Monde* on April 8, was that former Soviet bloc countries will respect the human rights of those infected.

Michael Merson, the AIDS director for the WHO, told *Le Monde* that if nothing is done, "in 10 years, the situation in eastern Europe will be just like that of Southeast Asia; in other words, *dramatic*." Despite this, he proposed no measures other than sexual abstinence or prophylactics. Merson adamantly opposed testing, because "it costs a great deal of money, which is incompatible with limited health budgets." He claimed that testing has negative effects, because people who mistakenly think they are not infected behave irresponsibly, and also because it allegedly violates human rights.

Iraq

Sanctions worsen health crisis

The continued economic sanctions against Iraq have forced the country's hospitals to admit only emergency cases. "Medical investigation through X-rays and blood screening has decreased by 82% in the last few months because of acute medical shortages," Health Minister Umeed Madhat Mubarak said in Amman, Jordan, Reuters reported on April 9. "Surgery has dropped by 86% because of a shortage of anesthetics," he said.

Dentists are extracting teeth using half the normal dose of anesthesia. Ninety percent of hospital equipment is out of service for lack of spare parts. The number of underweight newborn babies has risen from 17% to 47%, and the number of mothers dying in childbirth has increased fourfold.

"Lack of vaccines, laboratory equipment and the general state of the sewage and fresh water supplies badly affected by the war have limited our abilities to fight and prevent the spread of contagious diseases," the minister said. The incidence of hepatitis B has now increased twelvefold since before the war, mainly because of infected needles and lack of vaccines. Malnutrition has been pushed up from 2% to 47% of the population. "Every time I inspect a hospital I see many cases of kwashiorkor and other malnutrition diseases which

had been eradicated," he said.

Iraqi Planning Minister Samal Majeed Faraj urged the lifting of sanctions once again, at the U.N.-sponsored Arab Population Conference in Amman on April 7. He said that 92.7 out of every 1,000 children now die by the age of five, compared to 29.5 in 1988, and that many preventable childhood diseases, such as polio, were making a comeback. "Everything the people have been suffering as a result of these sanctions compels others to stand by us and call for lifting the embargo immediately."

Energy

S. Korean scholars call for new nuclear policy

South Korean scholars have called for a new policy on nuclear energy, insisting that the discussion should begin with a clear distinction between the nuclear energy industry and nuclear armaments, the daily *Choson Ilbo* reported on March 24. The scholars spoke at a seminar sponsored by the Republic of Korea Public Policy Society in Seoul entitled "Reconsideration of Policy to Denuclearize the Korean Peninsula." The scholars pointed out the shortsightedness and weakness of the government's nuclear policy, insisting that South Korea must strengthen its independent position.

Pak Kun-chol, a nuclear engineering professor at Seoul National University, pointed out that atomic power plants account for more than half of the total power generation in the country; "therefore, we need technology to enrich and reprocess nuclear fuel in order to ensure a stable supply. . . . After the joint declaration on denuclearization on the Korean peninsula came into effect [several months ago], technology to reprocess nuclear fuel has been misunderstood as being technology for military purposes."

Dr. Chon Ung of the Socioscience Research Institute pointed out that South Korea's total dependence on the United States in dealing with the nuclear issue resulted in "our pursuing a nuclear policy that runs counter to our interests. . . . We failed to hold our independent line based on our needs and interests, because we had entrusted the initiative concerning countermeasures toward North Korea totally to the United States."

● **THE FRENCH** firm Elf Aquitaine is the first western oil firm to sign a contract with Russia. It will begin to produce oil in the Volgograd and Saratov regions of Russia and drill in the Aktyubinsk region of Kazakhstan, with which contracts have also been signed, by autumn. Contracts with Uzbekistan are in preparation.

● **AIDS CASES** may double as new definitions for diagnosing AIDS mandated by the federal Centers for Disease Control in Atlanta, Georgia go into effect. Those who have the HIV virus and also suffer from pulmonary tuberculosis, recurrent pneumonia, and serious cervical cancer will be defined as having AIDS.

● **AUDI**, the German automaker, reported 30% fewer car sales and a 42.2% drop in production output in the first quarter of 1993. On April 7, management announced "drastic measures aimed at streamlining" the firm, saying it planned to phase out 4,000 workers by the end of this year.

● **MALAYSIAN** Prime Minister Datuk Seri Mahathir Mohamad left Teheran on April 6 after negotiating eight agreements to boost trade with Iran to \$200 million annually, Teheran Radio reported. Mahathir said that the agreements covered oil, telecommunications, mining, and health care, but no details were given.

● **CHINA** will suffer a "sure slide in grain production," the official Chinese *Business Weekly* reported on March 28. "Although we have plenty of grain right now, we are expecting to see grain production tapering off soon," State Council member Chen Junsheng said. In 1988, production fell by 50 million tons out of a crop of over 400 million tons, which contributed to triggering inflation and the subsequent upheavals of 1989.

● **NIGERIA** will be visited by an IMF team in April to impose its program before upcoming elections, so that the new government can "inherit" the IMF program at the August transfer of power, the London *Financial Times* reported on April 7.