

# Business Briefs

## Infrastructure

### Proposal blocked to stem Bangladesh flooding

Following the recent intense flooding that left some 2,000 people dead in South Asia, Bangladesh is having trouble convincing India and Nepal to control major rivers that flow through those countries, the Aug. 1 *New York Times* reported.

The floods have left over one-third of Bangladesh under water and have cut off Katmandu, Nepal's capital, from the rest of the country. They have also caused major damage and a number of deaths in several Indian states, including Assam and West Bengal.

Bangladesh "wants India to persuade Nepal to build dam reservoirs on its major rivers," the paper reported. But, in exchange, India wants Bangladesh to curtail illegal immigration and to stop helping Indian rebels in the northeast. To help solve both the problem of floods and Bangladesh's periodic shortage of water, India is proposing that the two countries build a giant canal connecting the Brahmaputra River to the Ganges River. "But Bangladesh has dismissed the project as flawed, saying it would go against the lay of the land, disrupt the natural drainage system," displace more than a million people, and disrupt food production.

## National Economy

### German industry demands policy change

The Association of German Industry called for a change in industrial policy in the eastern states in late July, recommending that the state subsidize companies that are capable of producing but lack the financial flexibility to invest in modern machinery, including giving them an extra tax rebate of 15% of their total expenses. This, association President Tyll Necker explained, would help to stabilize several hundred thousand jobs and cost DM 5 billion (\$3 billion) annually, which the state would otherwise spend for unemployment benefits.

Necker said that it was time that industry, especially the *Mittelstand* (medium-sized producers), which "has had the least advantages from the process of reunification," finally receive the backing of government support programs that it deserves. Necker's remarks are also an attack on the Treuhand policy, which he criticized a few days ago for having caused "an unprecedented loss of industrial jobs."

Meanwhile, the economic policy spokesman of the Social Democratic Party in the German Parliament, Uwe Jens, attacked shock therapy on July 27 and proposed a \$60 billion investment program for the next 10 years to stop the decline of the economy in eastern Germany. He demanded a change in the policy of the Treuhand agency and the establishment of institutes to encourage trade, which could allow barter deals between east German companies and eastern European countries. Unfortunately, to finance his investment program, he suggested a further increase in taxes on energy and oil consumption, rather than a tax on derivatives and other speculative transactions.

## Demographics

### Japan population drop threatens family

A report by the Japanese Management and Coordinating Agency released in late July warns that due to population control measures, the number of elderly people is growing in Japan. The drop in population growth is threatening traditional family relations.

In the last 25 years, the number of persons over the age of 65 in Japan has doubled, and now stands at 13% of the population. By the year 2020, this figure is expected to rise to 25%. The number of workers supporting each elderly person is expected to decline from 6.6 to 2.5 in the next decade, imposing a heavier burden on each productive worker.

The problem has also distorted Japanese society. Always a practitioner of the extended family, Japanese workers, facing the growing burden of the elderly, are abandoning them to the state. As a result, the cost of medical treatment for the elderly has risen dramatically and now accounts for

26% of the national expenditure.

Japan is also plagued with labor shortages. Finding young people to fill factory production jobs is proving difficult. There are now more than 5.6 million migrant laborers in Japan.

## Corporate Strategy

### IBM write-offs, layoffs won't solve anything

"The huge write-off of \$9 billion and layoffs of 60,000 from IBM won't solve anything," noted a London financial analyst with direct knowledge of the internal situation at the world's largest computer maker, in reference to IBM's announcement in late July.

"In a few months, IBM will again be forced to cut deeply, but no upturn is on the horizon," the source said. "They already have lost their most creative talent and the mood inside the company is demoralization. The company will not likely survive another year in recognizable form. They brought in a man who knows nothing about computers to do one job: cost cutting. This is no solution, but the lemmings of Wall Street think it helps company profit so they bid up the price of IBM stock; it's a sign how out of touch with reality financial markets have gotten."

## Eco-fascism

### Malthusians scheme to lower population

Malthusians are planning to hold a conference in Cardiff, United Kingdom Aug. 9-11 to define "optimal population levels" for the world as a whole and for various individual nations. This event is being sponsored by a recently created entity called the Optimum Population Trust (OPT), and is a feeder event for the September 1994 Third U.N. World Conference on Population in Cairo.

The conference will involve participation from a number of ecologist groups. As one example of the kind of thinking being devel-

oped, an OPT spokesman reported that a paper will be delivered recommending that the British population, now close to 60 million people, be reduced to 7 million, since that is the total number of Britons that can be sustained by "self-sufficient" agriculture policies and by phasing out all imports of fertilizers. Others, however, feel that Britain's population should "only" be reduced by half, to around 30 million. Asked how the halving of the population would be accomplished, the OPT person chuckled and said, "The rest will die, eventually, although it will all take some time." He noted that the British Green Party plans to make a statement in Cardiff, on the necessity of reducing Britain's population.

While "fertility rates are already below replacement rates in many European countries," from a global perspective Europe is "overpopulated" and requires a significant reduction in population "over the next 100 years," he claimed.

Another group, "Australians for Sustainable Development," is agitating to combat the idea that Australia is "sparsely populated," since, in their view, "Australia is overpopulated, by an ecological definition of that."

## Agriculture

### World milk production declining since 1990

World milk production has been going down since the beginning of the 1990s, according to estimates of the U.S. Department of Agriculture, *Agra-Europe* reported in late July. The production of cows' milk will go down by another 2% or 7 million tons to 410.4 million tons this year. In 1990, production worldwide still was at 442 million tons.

The biggest decrease in production will take place in Russia and the other republics of the former Soviet Union. In Russia, milk production will go down by another 9% to 77.8 million tons, a drop of 24 million tons compared to 1990. In the Baltic republics, milk production will go down by 7%, and it is estimated that by the end of this year it will be only one-third of the level the three republics had in 1989.

The world's biggest milk producer, the

European Community, is cutting production by another 1% down to 110.7 million tons; the same is expected for the United States.

Already back in 1989, one-third of the world population could only consume 0.6 liters, or just over a pint of milk, per week in liquid milk or the equivalent in milk products; the figure includes milk consumption by babies.

## Space

### India and Kazakhstan plan out cooperation

The outlines of a plan for cooperation between India and Kazakhstan in the areas of space technology and atomic energy emerged at the end of a two-day meeting in New Delhi in late July of the Indo-Kazakhstan Joint Commission. The possibility of such cooperation assumes significance in light of recent pressure from the United States on India to withhold or call off the development of nuclear, missile, and satellite technology. At a meeting with journalists, Kazakh Deputy Prime Minister Galym A. Abylseitov said that India would be invited to participate in setting up a new international space company in Kazakhstan.

The cosmodrome at Baikonur will serve as a base for the new company. In the field of atomic energy, Kazakhstan has proposed greater cooperation between its National Atomic Center and India's Bhabha Atomic Research Center. While the details of cooperation between the two countries in atomic energy are still to be worked out, for a start, Kazakhstan has offered to meet India's requirements of uranium oxide and uranium pellets.

Kazakh Deputy Prime Minister Abylseitov was one of the foremost laser physicists in the former Soviet Union and has spent 35 years in the Academy of Sciences in Moscow. He has apparently played a key role in the current discussions.

India has also agreed to set up a technical college at Almaty and to receive a large number of students from Kazakhstan for higher studies. Two credit lines, totaling \$20 million, have been issued by India, allowing Kazakhstan to procure equipment from India for that purpose.

● **GERMAN INVESTORS** who had bought stocks in countries investing in China have begun selling them off and going into gold instead, according to German press reports. Investors had bought these stocks in anticipation of an economic "boom" in China.

● **INDIAN** scientists have developed a nuclear fuel to run the Tarapur atomic power plant, after France refused to renew its 10-year contract for supplying uranium fuel for the plant unless India accepts IAEA safeguards. Minister Bhuvesh Chaturvedi said on July 29 that mixed uranium and plutonium would replace the low-enriched uranium from France.

● **TUBERCULOSIS** is making a comeback in London, its strongest showing since Victorian times. Infection rates are 10 times those of the rest of the country. In London, 50 people per 100,000 have TB, which is a marker for AIDS and general deterioration of public health.

● **TECHNOLOGICAL** apartheid," the withholding of technology to developing nations, is being more tightly controlled across the board. The Trigger or Zanger list which controls nuclear technology transfer has been expanded to include technologies not directly related to the nuclear field, such as numerically controlled machine tools, furnaces of different types, superconducting electromagnetic vacuum pumps, oscilloscopes, photomultiplier tubes, high-voltage DC supplies, and robots.

● **DERIVATIVES** markets should be minimally regulated, the Australian Securities Commission recommended in a report on the "rapidly growing \$800 billion-plus derivatives market." Participants "who possess requisite expertise or sophistication should be able to judge for themselves" whether to speculate.

● **THE MONETARIST ERA** has come to an end, the July 31 *Frankfurter Allgemeine Zeitung* proclaimed in an editorial entitled "Sunset for Milton Friedman."