

Business Briefs

Industry

Decline in east Germany documented

The latest government statistics, a survey by the German Ministry of Economics presented in Bonn on Aug. 3, document the unabated deindustrialization of eastern Germany. The manufacturing sector of the five eastern German states produced 7% less in April/May than during the two-month period February/March.

Capital goods production dropped by 4%, mining (coal, copper, potassium) by 9%, and the construction sector, which is the alleged "flagship sector in the eastern upswing," according to Bonn, reported a drop in activity of 2%. Exports of east German industrial goods dropped by 14% in the second quarter of this year, as compared to the same period last year.

An independent survey of Thuringian industrial firms showed that, of the 700,000 industrial jobs which that state reported at the end of 1990, only 23% are left now, less than three years later—with more listed by the Treuhand agency to be destroyed. In the three-city region of Meiningen, Schwarzta, and Zella-Mehlis, the Treuhand has already announced at least another 4,000 industrial jobs will be eliminated by the end of this year.

Agriculture

Higher prices, less free trade needed, says AgriNews

The weekly U.S. agriculture publication *AgriNews* in its July 29 issue, editorialized against the General Agreement on Tariffs and Trade (GATT) and free trade. Citing the need of farmers for higher prices, *AgriNews* attacked the "American" approach to GATT from the standpoint of the need for national food security and the fact that agriculture cannot be treated like any other industry.

The elimination of subsidies under the GATT proposals in the name of free trade will destroy many farmers here and abroad, it

warned. "A free market and the elimination of an individual nation's ability to set its own agriculture policy will naturally lead to lower prices. Free markets will favor those with the ability to control the market. And it is obvious to most people that the biggest source of power in the marketplace is not farmers—it's the corporations who profit from current market conditions. The opening of agriculture markets worldwide would necessarily cause an immediate downward flight in grain prices and force each nation's farmers to engage in economic war against their brothers and sisters in other nations."

The editorial argued for higher commodity prices worldwide. This is necessary, among other reasons, for "food self-sufficiency," the editorial stated. It concluded by supporting each nation's right to set its own agriculture policy, which must not be sacrificed "on the altar of free trade."

Currencies

Tax sought on currency speculation

The July 31 French daily *Le Monde* called for a tax on speculative currency transactions, i.e., derivatives, as the only way to put the wild fluctuations in the European Monetary System under control and to reduce speculation. Although the word "derivatives" is not mentioned as such, the recommended "tax on transactions" refers to this, since 90% of the frenzied currency speculations referred to are done via derivative transactions of one sort or another.

Le Monde warned: "The European Monetary System . . . is also the victim of a particular international environment. It finds itself inserted within a market, the currency market, which is the most fluid and the most 'deregulated' that we have ever known. The liberalization of movements of capital, with the development of data processing and telecommunications, has led to a market which functions 24 hours a day and in which the transactions are extremely rapid and cost little. To introduce rigor into this—with a tax on transactions, for example—could perhaps contrib-

ute to reduce the universally insane game of speculation."

London *Guardian* financial commentator Alex Brummer on July 31 suggested a "transactions tax" to make derivatives-centered currency speculation harder for speculators. Under the headline "Putting the Brakes on the World Monetary System," Brummer wrote that there is a "respectable intellectual case for putting some sand in the wheels. Nobody advocates old-fashioned exchange controls: The financial markets with their offshore banking centers and derivatives will always have an ability to skirt the rules.

"The deterrent effect of limited controls and perhaps a transactions tax would make it more expensive for the speculators (be they banks or George Soros) to take on a whole system of central banks."

On Aug. 2, the Berlin daily *Tageszeitung* suggested that a tax on currency transactions would be one of the countermeasures that EMS member governments could take against speculators.

Space

China and Russia expected to cooperate

China is likely to cooperate with Russia in space technology, Qi Fa-ren, president of the Chinese Academy of Space Technology (CAST), announced Aug. 4, BBC reported. Qi said that Chinese-Russian talks had already begun.

Qi charged that the United States is attempting to control China's space program by restricting technology transfers to China, a measure he called "foolish." China could either buy what it needed or produce its own technologies, he said.

Qi admitted that lack of funding and U.S. government export license restrictions on satellite technology sales have hampered Chinese efforts to modernize its satellite industry, and hurt China's sales abroad and its ability to launch foreign-made craft, according to UPI "We are not as capable" as foreign companies, said Qi, "but the competition is also unfair. . . . Any space-related company must use

parts from other companies, but we are always met with pressures and bans on foreign technology. How can we compete?"

Motorola announced that it would use Chinese rockets to launch 66 satellites, but the deal is subject to Washington waivers of export restrictions on satellite technology to China.

Qi complained that U.S. interference had forced his academy to buy more expensive components elsewhere. He also said that high costs and decreased government investment threatened to scuttle previously announced plans to send a man into space around the year 2000. "China is making its best efforts to effect a manned space launch. . . . In the near term it is not profitable, but if the government decides to make the launch, we will do our utmost to make it successful," he said.

According to Reuters, Qi aimed his anger at George Bush, whose ban on export of military technology to China delayed manufacture of a key CAST satellite. That ban remains in effect.

Infrastructure

Berlin-Hamburg Transrapid link gets support

German Transportation Minister Matthias Wissmann supported the construction of a Transrapid magnetically levitated rail line from Berlin to Hamburg, in an interview with the Aug. 1 German daily *Bild Zeitung*. "I want to see the Transrapid running," he said. However, in the same breath, he claimed that "free enterprise" had to pay the main part of the approximately \$2.5 billion cost.

The week before, member of Parliament Kurt Falthauer, in an article in the German economic daily *Handelsblatt*, called for investment in high-tech areas in order to get Germany out of the economic crisis. He mentioned two projects: the next generation of high-safety nuclear power plants, and the Transrapid. He also complained about the permanent budget cuts which have been made in space technology.

Following those complaints, German Finance Minister Theo Waigel revoked the cuts

for manned space flight, which had been decided by the new minister of research, Paul Krueger. Mainly affected by this are the long-term projects of the European Space Agency.

Political observers believe that the upcoming September elections played a major role in Waigel's reversal on the budget cuts. Most of German high-tech industry is located in south Germany, especially Bavaria. Waigel is the chairman of the Christian Social Union party.

Biological Holocaust

Africa faces 'catastrophic' invasion of locusts

Africa is faced with a "catastrophic" locust invasion which is shaping up to be at least as bad, if not far worse, than 1986-88, the Aug. 4 French daily *Le Monde* reported. "Having left the coasts of the Red Sea several months ago, the pilgrim locusts, devourers of crops, have just reached Mauritania and Morocco. Specialists now fear, in autumn, an invasion similar to that of 1987, which assumed the proportions of a plague in North Africa."

The Food and Agriculture Organization and Prifas, the research arm of France's Center for International Cooperation in Agronomical Research (CIRAD), have issued a joint appeal for "emergency international assistance" to the affected countries.

Of greater concern, *Le Monde* wrote, is the mixing of pilgrim locusts with the migratory locust. "More complementary than enemies, these two reunited species threaten to enlarge their field of action (the pilgrim locusts going up toward the Sahara, the migratory locusts descending toward the south), and especially to share between them the food resources: Certain grasses, the only vegetation disdained by the pilgrim locust, are the delicacy of the migratory locust.

"It remains, therefore, to organize the fight, and to find, as fast as possible, the means to put it into operation," *Le Monde* wrote. Lacking aid operations, "the bill, when it comes, could be higher still: In 1987 and 1988, the generalized invasion of the pilgrim locusts cost the international community \$300 million."

● **UNEMPLOYMENT** in Germany will come closer to 7 million by the end of this year, not the 4 million officially forecast, Westdeutsche Landesbank experts project. The survey includes those who could work full-time but are not regularly employed. This figure would put the official jobless rate at 15%.

● **KYRGYZSTAN** is in emergency need of several types of vaccines, the World Health Organization reports, since the former suppliers in Moscow ceased deliveries. Kyrgyzstan has received no measles vaccines since 1991 and no shipments of disposable syringes since last year.

● **TAIWAN** may double the number of items imported from China to benefit from cheaper prices, Reuters reported Aug. 5, based on comments by the Board of Foreign Trade and Prime Minister Lien Chan. At the same time, President Lee Teng-hui has warned Taiwan businesses against investing in China, citing "chaos" in the economy.

● **NESTLE** bought the Italian ice cream cartel Italgel, owned by the state holding company IRI, on July 29. Italgel has never had a loss. The sale was exposed by Sen. Augusto Graziani at an *EIR* seminar on the economic destabilization of Italy in Milan on June 28. The Cirio-Bertolli-De Rica group, a producer of olive oil, is next to be sold.

● **CHINA** is considering building up an economic base in Poland and expanding into Central Europe, according to the Polish news agency PAP. Deputy Prime Minister Henryk Goryszewski said that Poland is interested in cooperation, and that the two countries are about to open joint ventures in communications and electronics.

● **DROUGHT** in eastern Germany is forecast to cause a loss of 30% of the grain harvest this season. A chronic undersupply of agricultural credit and "old debt" is making matters worse.