

Business Briefs

Africa

State role in mining curbed as hoarding grows

Legislation to limit State involvement in mining is being considered in 27 African countries, the *Journal of Commerce* reported in July. The changes are being pushed at a time when the British monarchy-led oligarchy is shifting funds out of the collapsing international financial system and into hard commodities, and come amid allegations that the oligarchy's effort to tighten its control on strategic materials is behind demands on Third World nations to privatize State-owned industry.

Stuart Comline, general manager of exploration at Johannesburg Consolidated Investment, told a mining conference in Sydney, Australia in early July, that there had been a number of important developments that have led to a renewed interest in the African mining industry, including that laws are being changed to ensure security of tenure, repatriation of profits, and limitation of State involvement in mining. He noted that many of these deposits were discovered before 1950. "What started as a trickle of exploration by investors in the 1980s has led to near flood proportions more recently in certain areas," he said. He noted that there is now limited ground available for prospecting licenses in the gold and diamond belts in Ghana, Mali, Burkina Faso, Tanzania, and Zimbabwe.

Spain

Severe drought is destroying crops

The unprecedented drought that has hit Spain this year will depress harvest yields, according to reports in the Spanish dailies *País* and *El Mundo* on Aug. 24. The crop failures come amid growing world food shortages.

The drought is affecting 13 of 17 provinces and has led to severe water shortages, with Andalusian dams and rivers at only 9% of capacity; the island of Mallorca and parts of the Canary Islands are receiving drinking water by cistern-boat. There has been an increase in forest fires, from 4,000 in the 1980s to 10,000 in

1995 alone, which have destroyed approximately 432,000 hectares.

The crops worst hit by the drought have been cotton, olives, maize, and cereals. While the cotton-growing area in the Seville region is normally 100,000 hectares, it is 30,000 this year. The olive harvest, normally 550,000 tons, now is at 250,000 tons. Maize (corn, used for cattle fodder), normally 9 million tons, in 1995 is expected to be 2 million tons.

Spain is one of the biggest winter cereal producers in Europe, with two or three harvests a year. This year, wheat will be only 3.2 million tons, compared to the normal 6 million tons. The 1995 harvest will be the lowest in the last quarter-century.

Spain is one of the largest producers of soft fruits and vegetables in Europe. Out of 4.7 million hectares of woody plantations, 80%, or 3.5 million hectares, are threatened. Out of 800,000 hectares under orchard, 600,000 may die.

According to the Aug. 21 *Agra-Europe*, water is being rationed under an emergency; in some regions, water is only supplied for as little as two hours a day. Waterworks in Andalusia and the Balearic are looking to buy water in northern Europe and to transport it there by ship.

Economic Policy

British to aid Cuba, by teaching Adam Smith

The British government plans to finance tax collection and the teaching of Adam Smith by the Fidel Castro regime in Cuba, as the first official aid provided to Cuba in over 20 years, according to wire reports on Aug. 23. Ironically, Marxism and Smith's free trade are both variants of British System economics.

Britain's Ambassador to Havana Philip McLean announced the week of Aug. 21 that he will allocate the first \$121,000 of a special \$230,000 fund for "development" projects in Cuba, named the British Partnership Scheme, to, first, finance computers and printers for Cuba's new National Tax Administration Office, which is charged with gradually introducing tax collection into Cuban life. (Two British tax and budget experts from De Montfort Uni-

versity are already advising the Finance Ministry on a tax system.) Second, to provide teaching material for Cuba's Economics and Planning Ministry on national accounting, marketing, and free trade economics.

The British "Partnership Scheme" for Cuba was set up last January, after the two governments signed an Investment Promotion and Protection Agreement. In September, British Minister for Science and Technology Ian Taylor is expected to visit Cuba for a second time.

Health

South Africa medical services face collapse

Dr. Olive Shisana, South Africa's director general of health, warned on Aug. 7 at an international policy conference on health in Somerset West, South Africa, that the country's health services are in a precarious state, *Beeld* reported in an article entitled "State Medical Services Facing Collapse."

Shisana said her department will not be able to use the 228 million rands allocated to build clinics. This may be related to the "strings of resignations" faced by many hospitals, which doctors at the conference attributed to the tremendous pressure under which they work. Several hospitals within the borders of the former Transvaal have recently cut back medical services to the bare essentials. At Klerksdorp Hospital, 19 medical officers on the permanent staff have resigned in the past three months. At Potchefstroom Hospital, six of the 10 doctors' posts are vacant; another two doctors were expected to resign by the end of August.

Klerksdorp Hospital Superintendent Dr. Jan Doevendans admitted that the shortage of doctors is "worse than ever." At Pretoria West Hospital, all the doctors on permanent appointment have resigned in the past four months; Hospital Superintendent Dr. Wim Klooster said the workload on medical personnel has increased 100% over the past year. Rustenburg Hospital has a 30% shortage of doctors, while Tshepong Hospital, with 274 beds, has only four doctors to attend to patients.

Briefly

Trade

Iran and Zimbabwe sign economic deals

Iran and Zimbabwe have agreed to set up joint projects for housing construction, dam building, textile mills, and in other economic, cultural and technical areas, the two governments announced in a joint communiqué issued in Harare, Zimbabwe on Aug. 20, the Iranian news agency IRNA reported.

Iranian Foreign Minister Ali Akbar Velayati, on the second stop of a trip that has also taken him to South Africa, met with Zimbabwe's President Robert Mugabe. In a television interview, Velayati noted, "Recently, relatively wide-ranging economic relations have been initiated between Iran and Zimbabwe. The fields of cooperation, for which some preparations have already been made, are agricultural machinery exports by Iran, in particular tractors produced in Iran, the purchase of Iranian household goods by Zimbabwe, cooperation in textiles, and the purchase of Zimbabwean farm products by Iran."

Velayati noted the importance that Iran ascribed to his visits. "An expansion of our relations with those countries . . . plays a great role in the expansion of our relations with black Africa," he said.

United States

Utilities threatened by greens, free marketeers

Many electric utilities in the United States could face bankruptcy, unless they shut down generating capacity, if the total deregulation of the industry goes into effect, according to "Stranded Costs Will Threaten Credit Quality of U.S. Electrics," a report released, by Moody's Investors Service in mid-August.

The report explains that the industry will have "stranded costs," i.e., fixed (or capital) costs that will not be recovered by being included in the rate base, of at least \$135 billion. (Beginning in the 1970s, regulatory agencies have not allowed the recovery of all costs.) The

most capital-intensive utilities, such as those that have nuclear power plants, will have to keep prices low to be "competitive" with utilities that, for example, may have much cheaper hydroelectric power. If deregulation is put into place, Moody's estimates that there are at least 10 nuclear plants that might be closed.

While capital-intensive nuclear plants are under attack through deregulation to create a "free" market, the August issue of the *National Coal Leader*, published by the U.S. coal industry, warns that electric utilities which burn 600 million tons of coal, are threatened if more stringent air quality standards go into effect. The standards stem from the amendments to the Clean Air Act, passed with the blessings of then-President George Bush. The 600 tons is about half of the coal burned by utilities. In total, coal produces nearly two-thirds of the electricity in America.

Money Laundering

Shut down offshore havens, says official

The director of New Zealand Serious Fraud Office, Charles Sturt, said he would like to have all offshore hot money and tax havens shut down, in testimony to New Zealand Parliament's select committee on justice and law reform, the July *Offshore Financial Review* reported.

"From a law enforcement perspective, I would, perhaps unrealistically, like to see all tax havens closed down," Sturt said. "After all, their primary purpose is to either avoid taxes or launder tainted money. There can be no moral or lawful justification for the existence of such offshore banking facilities."

Sturt told the committee that he was aware of at least NZ 170 million dollars (\$113.4 million) that was laundered through South Pacific tax havens by "corporate individuals" in Australia and New Zealand, but the one major obstacle to the work of his office was the impossibility of obtaining evidence from the offshore centers in the South Pacific and the Caribbean.

● **HALF** of the 59,000 bank branches will be shut down, and 450,000 of 2.8 million banking jobs will be eliminated in the United States over the next 10 years, because of mergers and acquisitions, according to a study by the accounting firm Deloitte and Touche, the Aug. 21 *New York Times* reported.

● **SOUTH AFRICA** has concluded a nuclear technology deal with Iran, South African Foreign Minister Alfred Nzo announced on Aug. 21. "What was at stake was isotopes for peaceful purposes," he told a press briefing.

● **POTATOES** are in short supply in Europe, and prices are "exploding," the Aug. 19 *Berliner Zeitung* reported. Prices that were as low as DM 5 (\$3.10) per 100 kg in recent years, were DM 63 in late August. Low prices for several years has forced many farmers to give up this crop.

● **CHINA** will build a commercial town, Dongning, in Heilongjiang Province on the Russian border, to facilitate the acquisition of CIS, mainly Russian, and eastern European goods for the Three Gorges Dam, the Hongkong paper *Ching Chi Tao Pao* reported on July 3. Mining machinery, transport vehicles, construction materials, and nonferrous metals in particular will be needed.

● **SWEDEN'S** second largest bank, SE-Banken, reported a pre-tax loss of \$63 million, owing to a set aside for possible losses on derivatives contracts which, in many cases, do not expire before 1997, meaning losses can still accumulate. Two years ago, the bank had opened talks for a possible state rescue.

● **A HARVARD** University study on the Middle East says that "by giving water a monetary value," and letting prices rise sharply, new desalination facilities would be unnecessary, according to sympathetic coverage in the Aug. 17 London *Financial Times*.