

Business Briefs

Agriculture

Set-aside programs are killing people, says IVA

Set-aside programs and cost cutting are killing people, the Agrarian Industry Association (IVA), an association of the biggest German agro-chemical industries, said at a press conference in Frankfurt, the German daily *Frankfurter Allgemeine Zeitung* reported on May 10.

Growing scarcity on the world food markets can only be solved by increasing the input of chemicals and genetic engineering. A growing world population can only be nourished if agriculture is using the most modern techniques. "If you know this fact, you just cannot believe, that the European Union is still upholding the set-aside program and debating measures that will reduce current yields," the IVA representative said. Similarly, cost-reduction measures would not solve current problems, but would just postpone the financial difficulties farmers are facing for maybe two years. The only way out of the world food and agricultural crisis would be to intensify production.

The IVA published reports at the beginning of 1995 showing that world agriculture could easily feed up to 50 billion people, if current knowledge of agriculture technologies were applied.

Gold

At least 99 mines will close by 2000

As world gold production begins to decline after 1997, at least 99 gold mines will close by the year 2000, according to the London-based *Mining Journal*, which tracks more than 2,100 metal mines and the companies worldwide which own them, the May 15 London *Financial Times* reported. The news comes as British monarchy-led financial interests have been shifting funds into hard commodity investments for almost a year.

All the mines identified as running out of profitable reserves in the next few years are outside the Republic of South Africa, with the largest number, 37, located in Australia.

The 99 mines currently produce an annual 197 tons, or 6.33 million troy ounces of gold, about 8% of total world production in 1994—more than is mined in Canada, Russia, or China, the fourth-, fifth-, and sixth-largest producers.

Statistics for South African gold production are hard to come by, and the Anglo-American corporate empire of the Oppenheims and Rothschilds has had the government declare the figures to be state secrets. However, it is widely believed that South African mines are nearly at the end of their profitable reserves. "Some pessimistic analysts suggest that South African production will fall from 523 tons in 1995 to 505 tons this year and to 500 tons in ten years," the paper said.

Mining Journal identified another 17 mines outside South Africa, which currently produce 27 tons (868,000 troy ounces), which can be expected to shut down if their owners do not discover more reserves.

Finance

Covert crises a threat to emerging markets

The "weak flank of emerging markets" are the many "small and big, admitted or still covert crises in the financial sectors of the developing world," stated Klaus Engelen, senior editor of the German economic daily *Handelsblatt*, in an article on May 21.

The governments of many countries in Ibero-America, Asia, and eastern Europe already contribute large parts of their state budget to the bailout of their banking system, he said. For example, according to estimates by Standard and Poor's, about 12% of the Mexican GDP was used up in 1995 by the banking sector rescue program of the Mexican government. In Venezuela, 15% of GDP was used in 1995 to keep the banks alive. In Brazil, Engelen said, the publicly admitted bailout expenditures by the state amount to 5%, while the true figure is probably much bigger. Similarly in Argentina.

Now we see severe banking crises shaping up in eastern Europe. The banking sector bailout in Bulgaria will eat up 12-15% of GDP, says Engelen, which is 30% of the state budget. In Russia, about 300 of 2,600 banks

collapsed during 1995. And in Asia, experts at a May seminar of the Asian Development Bank in Manila raised the alarm bells over upcoming banking crises, and not just in Japan.

Medicine

Cancer consortium formed in Middle East

A Middle East cancer consortium for joint research on cancer control was signed in Geneva on May 20, by the ministers of health of Cyprus, Egypt, Israel, Jordan, and the Palestinian Authority. A news release by the U.S. National Cancer Institute stated that the agreement to fight the "common enemy" of cancer, "builds on the significant political breakthrough in the Middle East peace process." U.S. Health and Human Services Secretary Donna Shalala and Richard Klausner, director of the National Cancer Institute, were both present at the signing.

The consortium will link cancer research and treatment facilities, make available summaries of the latest research, maintain cancer registries in all the countries, and conduct training, basic research, and public health education. Initial financial support will come from the U.S. National Institutes of Health, as well as from member countries.

High Technology

Let's meet global goals, says Japanese expert

"We should put our energy into meeting global goals rather than squabbling," Sozaburo Okamatsu, a former vice minister in Japan's Ministry of International Trade and Industry (MITI), told U.S. officials on May 9 at a forum in Washington sponsored by the Brookings Institution and the Nomura Research Institute of Japan. The forum was on the "rules of the game" in high technology, and focused on international trade in semiconductors.

Okamatsu said that while "the impression is created that friction was the most im-

portant part" of the U.S.-Japan relationship, economically we have actually been "entering a new era of cooperation."

Okamatsu, in arguing against the extension of the 10-year bilateral agreement expiring this summer, which increased the purchase by the Japanese of U.S. semiconductors, said that over this past decade, numerous joint U.S.-Japan semiconductor companies have been formed, and are manufacturing semiconductors in both countries. The agreement, however, uses threats of punishment, rather than promoting cooperation. Whatever threat the United States felt from the advanced R&D being done in Japan 10 years ago, he said, is now felt by Japan from "the other Asian countries that are now important players" in this industry, such as Korea, Taiwan, Thailand, Singapore, and Malaysia.

There are "problems that we need to address through cooperation in semiconductors," he said. "Let's stop wasting so much time and energy" on trade issues, which would be "better spent developing new avenues of cooperation."

Infrastructure

Three Gorges Dam will raise living standards

China's Three Gorges Dam will raise people's standard of living, Qin Zhongyi, the vice president of the Yangtze Three Gorges Project Development Corp., said on May 21 at the Pacific Basin Economic Council meeting in Washington. Zhongyi spoke on the panel titled "The Insatiable Need for Energy in the Pacific Region," and explained the importance of the project for China. Hundreds of thousands of lives could have been saved from the periodic severe flooding of the Yangtze River if the water control systems in the south had been already built, he said. There are 15 million people in the area now threatened with floods.

Zhongyi said that throughout all of China's political regimes over the past 70 years, while there have been many political differences, there has been "no disagreement on the Three Gorges project." Since this has always been seen as a major, necessary improvement, he said, "all governments put

flood control of the Yangtze as a priority on their agendas, from Chairman Mao to Li Peng."

He said that about 1 million people will have to be moved, but the goal of the resettlement is to "improve the standard of living of those being resettled." He said that people now living outside the area being resettled want to move into the resettlement area, to take advantage of the better conditions there.

Zhongyi stated that China has two major environmental problems: drought in the north, and floods in the south. Because of limited financial resources, they are focusing first on flood control in the south.

On May 24, a U.S. State Department spokesman said that the U.S. will "not offer commercial assistance" to the project, but it will "not prohibit private-sector involvement by American companies."

Nutrition

'Healthy eating' guides are starving children

A new study by pediatric scientists in Great Britain reports that a growing number of children are suffering from health problems because of their parents' determination to give them so-called healthy diets that lack vital nutrients. The May 12 London *Sunday Telegraph* headlined its coverage of the report, "Muesli Mothers Deliver a Nursery 'Starvation Diet.'"

About 80% of mothers surveyed feed their children poor diets, the scientists found, one that has low fat, little sugar, and little red meat. "Instead of giving them the energy-dense food they need, they feed them the low-fat versions, and the children don't grow very well. If parents start excluding particular food groups and put children on low-fat, high-fiber diets, they also don't get enough important micro-nutrients such as zinc and iron," that are found in red meat, the scientists said.

Most endangered are children of health-conscious parents, who apply the healthy-eating guidelines for adults to their children. These youngsters often develop what the scientists call a "condition known as muesli-belt malnutrition."

Briefly

PAKISTAN'S Prime Minister Benazir Bhutto inaugurated an \$86 million Kara Koram highway expansion project in northeast Pakistan on May 18, Reuters reported. The highway runs into the Kara Koram mountains to China and Central Asia. "Pakistan has become the gate of Central Asia, and the . . . highway will be the best way to the region," she said.

NELSON MANDELA, the President of South Africa, attended the conference launching a "Southern Africa Initiative for German Industry," a project backed by German firms and industry groups aimed at boosting trade with southern Africa, in Berlin on May 23.

THE FRENCH government signed the outline for the "TGV east" project in May, which will establish a high-speed rail line from Paris to Strasbourg. The plan will reduce average travel time from four hours to 2.5 hours, after the line is completed by the year 2002. Construction is to begin in 1998.

PAUL VOLCKER, the former chairman of the Federal Reserve Board whose "controlled disintegration" policies destroyed the U.S. banking system, will join the board of Bankers Trust, which announced on May 22 that it is buying Wolfensohn & Co., which Volcker chairs. The move is believed aimed at helping the government-controlled bank bring its derivatives operations under control.

DEREGULATION has increased the potential for financial market destabilization, Singapore Finance Minister Richard Hu told the 31st Southeast Asian Conference of Central Bank Governors, in Singapore, the German daily *Handelsblatt* reported May 10.

JEFFREY VINIK, manager of the Magellan Fund, the world largest mutual fund, belonging to Fidelity Investment, resigned May 23. Sources told *EIR* that Magellan has suffered huge losses in the bond market in the last weeks.