

Business Briefs

Infrastructure

Thailand looks to Kra land bridge

The government of Thailand has taken its first official step to build a land bridge over the Isthmus of Kra instead of the economically vital sea-level canal.

Prime Minister Chatichai Choonhavan has approved, in his capacity as chairman of the Southern Seaboard Development Committee, the construction of a land bridge. The project features four deep-sea ports, and a highway, railway, and oil pipeline across the isthmus.

The Thai government will seek funding from the World Bank and other assistance, especially from Japan and the United States. The land-bridge project appears to have been pushed by Dr. Phisit Pakkasem, head of the National Economic Social Development Board. Phisit is a cohort of Henry Kissinger and a long-standing opponent of the proposed Kra Canal, which could vastly enhance the efficiency of shipping in the region.

Transportation

New high-speed rail link approved in Europe

The transportation ministers of West Germany, France, Holland, Belgium, and Great Britain approved the timetable for completion of a high-speed rail network for the most populous area of northern Europe during their meetings in Brussels the week of Nov. 20.

The ministers gave final government approval for the plan to link Cologne, Frankfurt, Paris, Brussels, Lille, and London over the next several years. Investment in this section is estimated to cost \$11.23 billion. It is conceived as the first part of a major European high-speed passenger rail grid based on the technology of the French TGV and West German ICE trains designed for transport at speeds of 300 km, or roughly 188 miles, per hour.

Full European-wide proposals which have been developed by the Community of European Railways, if approved, would spur an infrastructure investment boom across the conti-

nent over the next two decades of an estimated \$100 billion and another \$34 billion investment into construction of new rolling stock and special high-speed locomotives. The existing plan envisions a future high-speed link between Hanover and Berlin for passenger transit.

Food

Next year's harvest crucial for security

"Next year's cereal harvest will be crucial for world food security," the United Nations Food and Agriculture Organization insists in its latest report on world food issued in late November.

The FAO report emphasizes that over the last three years the world has "completely exhausted" the safety net of carryover stocks and now must increase global cereals production, defined as all grains plus rice, by minimally 4% next year merely in order to fill consumption needs. Production must be increased more than 4%, the FAO reports, in order to rebuild world reserve or carryover stocks which FAO now estimates at the "minimum necessary for world food security," or 17% of annual consumption, two months total. Wheat stocks are at the lowest level since 1982.

Credit

Consumers urged to prop up economy

A ballooning of consumer debt is being urged upon Americans in order to "avert a recession," the *New York Times* reported on Nov. 22, citing "two new studies which suggest that the consumer could, in theory, help prop up the economy."

"The relentless story you keep hearing is that the consumer is tapped out; he can't borrow more and is about to retrench," said James A. Wilcox, an economist at the University of

California at Berkeley, and the author of one of the studies. "But the debt service numbers tell a different story. They are remarkably stable, and they say the consumer is in good shape as a borrower." The *Times* adds that consumers have cut back on borrowing "not because they lacked the borrowing power to finance spending, but because of 'apprehension' about the economy's future."

Edward F. McKelvey, a senior economist at Goldman Sachs, said, "People are certainly not being pinched." While total household debt is roughly equal to 90.4% of people's annual disposable income, installment payments are only 16.7% of that income. "That is only half the repayment level that lenders say households could handle without getting in over their heads," the *Times* claims.

The *Times* cites Federal Reserve economist Thomas Durkin saying that 45% of the nation's \$750 billion in outstanding consumer credit is in the hands of the wealthiest 20% of the population, while only 19% of the debt is in the hands of the poorest 40%, to imply that the poor can borrow much more.

The *Times* also noted that only 5.5% of American homeowners have taken out home equity loans. Almost non-existent until the mid-1980s, these loans "have become a major tool for stretching out debt," it said.

R&D

Defense spending yields bulk of investment

A new private study issued by the Battelle Institute reports that the United States and Great Britain depend on defense spending for the bulk of their investment in research and development. The study reveals that the amount of overall research and development linked to defense spending is 50% for Britain's economy and 70% for the United States.

Informed London sources report that mutual funds have begun disinvestment in U.K. defense companies such as British Aerospace and GEC in favor of investment in West German capital goods companies like Mannesmann or Siemens, anticipating that sharp reductions in U.S. defense spending will adversely affect British defense joint ventures.

Briefly

● **INVESTMENT BANKERS**, terrified that Japan will pull the plug on U.S. finances, are now urging U.S. government officials to tone down their criticisms of Japan's "closed" markets, according to the Nov. 25 *New York Times*.

● **CHILDREN** raised near nuclear plants have no greater risk of leukemia, according to evidence summarized by the British *Nature* magazine Nov. 16. Mortality is also higher "near places being considered as future power station sites."

● **HONDURAS** has announced that it does not have the funds to pay the International Monetary Fund. "We reiterate government policy of not sacrificing oil and medicine imports to pay an international body," said Finance Minister Carlos Falck.

● **THE UNITED STATES** may lose one of its last manufacturers of micro-chip-making machinery, if Nikon Corp. of Japan buys the machine-making division of Perkin-Elmer Corp. IBM, which has been aiding Perkin-Elmer in developing the chip-making machines, says it has no interest in attempting to outbid Nikon.

● **SAFE SEX** is not without risks, the *New York Times* admitted Nov. 24. One fellow, using "safe sex methods," reportedly infected 11 women.

● **DISASTER MANAGEMENT** specialists began meeting in Toronto, Canada, according to Radio Moscow Nov. 23, and are discussing the creation of an "international agency to deal with disasters" like Chernobyl.

● **THE INSURANCE** business is lobbying Congress to force an estimated 90% of the nation's homeowners to pay earthquake insurance into a federally administered fund, the *Chicago Tribune* reported Nov. 26. Should the fund fail to cover damage, the insurance companies would pay 10% of the deficit, and the Treasury the rest.

Ecology

Italian farm weekly runs Schiller brief

Terra e vita, the most widely read and authoritative farm weekly in Italy, has published the full text of the Schiller Institute's legal petition asking for a criminal investigation of the ecologists' campaign to severely limit all pesticides in Italian agriculture. The petition, which was presented in a Rome court last summer, was published in English in *EIR* Aug. 11, 1989.

The brief presents the reasons why the state prosecutors should investigate, and possibly take criminal action against, certain prominent pro-Green publications and parties for the crime of "spreading false, exaggerated, and tendentious reports, tending to disturb the public order."

The Schiller Institute's brief has been assigned a docket number under Judge Nitto Palma, a magistrate specializing in probing armed terrorism, but it is still in a preliminary phase of processing.

Terra e vita accompanied the brief with a commentary by Judge Francesco Mario Agnoli, a member of the Higher Council of the Magistracy, which is the top judicial organ in Italy.

Other press covering the Schiller Institute brief include *Il Piccolo Agricoltore*, the weekly of the Catholic farm organization Coldiretti in Vercelli, the rice capital of Italy; the conservative weekly *Il Borghese*, which has about 100,000 circulation; and the Rome daily *Il Giornale d'Italia*.

Merchant Fleet

Ship-building shortfall in thousands

The world merchant fleet will need 7,000 to 11,000 new ships larger than 1,000 gross tons by the year 2000, according to the late November issue of *Shipyards Weekly*. If current construction rates hold, this will mean a shortfall of several thousand ships.

The replacement estimates are projections of the World Fleet Forecasting System,

developed by Lloyd's Maritime Information Services, and DRI/McGraw Hill.

An average of 1,500 to 1,900 new ships will be required each year, as compared to the average annual rate of 700 new ship deliveries between 1985 and 1988. By 1992, more than 40% of the fleet will be more than 20 years old, and an additional 25% will be 15 to 19 years old. Approximately 8,000 aged vessels will have to be scrapped between 1988 and 1995, and 5,000 more will have to be scrapped between 1996 and 2000.

AIDS

Africa's population will be decimated

Africa's population will be so decimated by the AIDS epidemic that the World Bank's demographic projections for Africa in its report issued the week of Nov. 20 must be revised downward, the London *Economist* asserts in a Nov. 27 editorial.

"The bolt from hell that threatens to blow [the World Bank strategy] apart, not perhaps throughout the continent but in parts of East and Central Africa, is the AIDS epidemic," the *Economist* says. "Some AIDS researchers predict [population] growth as low as 1%, or even, on the bleakest of guesses, an absolute decline by the year 2010. . . . The issue deserves more discussion than the single page it gets in the Bank's report, if only because population issues lie at the heart of its African strategy."

The *Economist* warns that AIDS "strikes disproportionately among adults. And in economic, though not human terms, high infant-mortality rates are quite different to high death rates among skilled men and women—doctors, engineers, teachers and administrators—in whose education the country has invested heavily. It is the selective, rather than the total, impact of AIDS on economic performance that is potentially devastating."

The *Economist* worries about the ability to cut public-sector deficits if AIDS victims "absorb a large and growing chunk of the continent's scarce resources," and calls for a "modest investment in AIDS prevention, especially education and condoms."