

# Business Briefs

## Demographics

### African nations fear population decline

The populations of African nations are falling due to decreasing fertility, war, and disease, a British member of the Royal Society who attended the recent New Delhi conference on population told *EIR* on Nov. 9. The reason that the African countries rejected the conference statement calling for zero population growth to be achieved in this generation, is that they fear depopulation, he said.

The fears of African nations are well justified, he said, and would be so even were AIDS not a problem. In Gabon, for example, a whole generation of young women is becoming infertile because of an epidemic of sexually transmitted diseases, such as gonorrhea.

## Tax Policy

### German banker favors tax on speculation

Wilhelm Nölling, former president of the regional Central Bank of Hamburg and member of the Central Bank Council, and currently teaching economics at Hamburg University, wrote that it is necessary to protect the financial market from itself, and called for an international tax on speculation, in an article in the Nov. 8 issue of the German weekly *Die Zeit*.

Today, governments and central banks are dependent on "irrational" and "epidemic" miscalculations of an "amorphous mass of 10,000 analysts and financial jugglers," he warned. He noted that such a tax had also been proposed by John Maynard Keynes, and more recently by James Tobin, Rüdiger Dornbusch, Larry Summers, and other economists. For "speculative excesses," he said, he favors additional temporary controls on capital flows.

On Nov. 11, Nölling told *EIR* that an international tax on speculation would not pose major technical problems. Central banks have the ability to distinguish normal financial transac-

tions, which are not more than 5% of the total, from the other 95% purely speculative transactions. So, it is possible to have an international agreement to punish speculators without harming normal financial transactions.

Nölling said that, four weeks earlier, he was invited to address a European Community hearing in Brussels on the risks of derivatives. The overwhelming majority of financial "experts," he complained, only repeat the slogan that the advantages of financial innovations and free capital flow are "beyond dispute." If you speak with managers of financial institutions active in derivatives trading, he said, they will tell you that they don't understand anything about derivatives, but say, "We have our experts."

For the moment he does not expect action against speculation. "Don't underestimate the power of financial giants," he said. But in case of "grave catastrophes," when "speculative excesses" are followed by a "major crash," then "everybody will call for quick solutions."

## Aluminum

### Protectionist measures sought to counter glut

The flood of aluminum exports from the Community of Independent States to the West has created a glutted market and depressed prices, leading American aluminum manufacturers to rethink their commitment to the "free market." "We've always been free marketers," David Parker, president of the Aluminum Association in Washington, told the Nov. 3 *Houston Chronicle*. "This is a trade issue that's come up that traditional market forces will not allow us to correct."

World aluminum stocks in August reached 4.4 million tons, twice the normal level. In August, the European Community put new quotas on CIS aluminum exports into western Europe, forcing even more CIS exports onto the American market. In response, the U.S. aluminum industry has called for quotas on CIS exports in exchange for western financial aid. A.S. Hutchcraft, Jr., the chairman of Kai-

ser Aluminum, has written a letter to U.S. Trade Representative Mickey Kantor urging a quota of 880,000 tons of CIS imports annually through 1996.

CIS aluminum exports to the West for the period of January-July of this year totaled almost 1.8 million tons, compared to just 300,000 tons from the former Soviet Union in 1990. Over the last three years there has been a 500% increase in CIS exports to the West, and this increase has forced up the price of aluminum on the London Metal Exchange. The price fell from a high of about \$1.20 per pound in 1988 to 47.9¢ on Oct. 28, a price 10¢ below the average cost of production of U.S. manufacturers. Observers expect the price to fall to 45¢ in the near future.

## Trade

### GATT said to hurt both rich and poor nations

Lebanese President Elias Hrawi said that free trade is harmful to Third World nations, and warned that a deal in the General Agreement on Tariffs and Trade (GATT) talks won't ease the situation. In an address to the U.N. Food and Agriculture Organization on Nov. 6, reported by Reuters, Hrawi called for urgent action to create fairer trade mechanisms.

"International trade in areas of vital interest to the South, particularly agricultural exporting countries, has in fact been a barrier to development," he said. "The fall in market prices, for example, has caused far greater losses in revenue for many developing countries than what they can hope to gain from aid."

Hrawi criticized the Group of Seven industrialized nations for complaining that higher raw material prices could have a dangerously inflationary effect on developed countries. "Are we to deduce from this that the rich require the poor to remain poor?" he asked. "The endless GATT negotiations are currently being presented as the last chance to reverse the downward spiral of industrial economies. While we may accept this, let us not hoodwink ourselves as to the benefits for poor countries."

John Gray, Fellow of Jesus College, Oxford, in an editorial in the Nov. 8 London *Guardian*, has likewise warned that a GATT agreement is "a last-ditch attempt to impose on the rest of the world an American vision of the autonomy of market forces untrammelled to the needs of enduring communities. This is a vision that has already depopulated the countryside in the U.S. and turned cities into Hobbesian states of nature."

## **Middle East**

### **Speed on infrastructure key to peace, says Peres**

Speed is of the essence in bringing about regional infrastructural development in the Middle East, and this process of economic development is the only means for achieving peace, Israeli Foreign Minister Shimon Peres told the French daily *Le Monde* of Nov. 11.

Peres said, "We can only negotiate in a regional structure. After all, a common market, what is it? An attempt to translate geographical proximity into an economic advantage. Such proximity does not exist if the frontiers are fortified or barricaded. To succeed, we must, therefore, first establish a system of working communications. A good network of transportation, roads, railways, pipelines, telecommunications, etc. Today, it is speed which counts and proximity favors the rapidity of relations."

According to the Israeli Labor Party daily *Ma'ariv*, negotiations over an Israel-Jordan agreement are far advanced. Israeli Construction Minister Ben Eliezer said on Nov. 11 that an agreement "could be signed tomorrow." The formal ceremony "would not even have to take place in Washington. Rabin and King Hussein could meet on Allenby Bridge, in Amman or Jerusalem."

European, Israeli, and Palestinian experts meeting in Copenhagen have also resolved that a number of infrastructure projects will be launched within the framework of an Israel-Jordan agreement, to help in the creation of a tripartite zone of economic cooperation. Proj-

ects discussed include the creation of more border transit points along the West Bank; a highway linking Amman with Jerusalem; the construction of several bridges, and of a rail line from Amman through Jericho to Jerusalem; the joint use of Jordan's Aqaba port and Israel's Mediterranean ports; the joint exploitation of mineral resources in the Dead Sea region, including the mining of nickel and uranium; the construction of a canal from the Red Sea into the Dead Sea, running along the Arava River; and joint airport operation between Elat and Aqaba. The proposed rail line would enable Jordan, for example, to ship its potash from a Mediterranean port, rather than from the port of Aqaba on the Red Sea.

## **China**

### **Taiwan nixes expanded investment in mainland**

An attempt to change the economic policy of the Republic of China on Taiwan to accelerate investment on the mainland has been blocked. "Exploiting business opportunities is no doubt important, but protecting long-term national interests is even more important. . . . I hope the industrial sector will support the government and carry out exchanges step by step in accordance with government policy to ensure what we have laboriously achieved is protected," President Lee Teng-hui told a national conference of businessmen on Nov. 11 following the decision.

Taipei's current policy prevents Taiwanese business from investing in China in key industries, such as upstream petrochemicals and advanced electronics. Taiwanese investment in China has surged to over \$9 billion since the late 1980s.

On Nov. 6, Taiwan Economics Minister Chiang Pin-kung outlined a proposed revision of the government's investment screening system, which would have removed restrictions on investment in many industries, newspapers, and broadcast media. It also included a proposed change in its current policy from "not encouraging to 'actively guiding'" investment in the mainland.

## **Briefly**

● **POLAND** will follow stringent monetary policies acceptable to the International Monetary Fund, Prime Minister Waldemar Pawlak told Parliament. IMF approval is necessary for the 20% debt reduction promised by the Paris Club.

● **A SOCIAL REVOLT** across Europe can be expected if the jobless problem is not solved, European Commission President Jacques Delors warned in an address in Frankfurt on Nov. 12. He said that the 40 million poor, 100 million elderly, and 100 million eastern Europeans urgently need a large investment program to make a decent living.

● **COCOM**, which was created to stop Communist countries from acquiring western technology, is to be replaced with a new system, Reuters reported Nov. 9. The new system will expand "technological apartheid," i.e., denial of advanced technology to developing nations. A week earlier, COCOM decided to largely free up the export of militarily useful technology to Russia.

● **CHINA** has ordered a temporary halt to overseas buying sprees by companies in an attempt to stem capital flight, China's *International Economic and Trade News* reported.

● **AMERICAN EXPRESS** Bank International, an affiliate of the American Express Co., was accused of improper banking practices by the Federal Reserve Board in early September, and slapped with a \$950,000 fine. In a supposedly unrelated action, two employees are being investigated for helping launder drug money.

● **PEDIATRIC AIDS** and other epidemics are soaring in Argentina, the Nov. 4 daily *Clarín* reported. Between 1989 and 1993, the number of AIDS cases in just one hospital increased from 2 to 189. There has been a 50% increase in the incidence of meningitis over the past year, and there are now 2,604 cases in the country, the Health Ministry reports.