

Business Briefs

Ukraine

Invest in production, professor demands

Prof. V. Chernyak, a doctor of economic sciences, opposed the monetarist "reform" policies which Ukrainian President Leonid Kuchma has adopted, in the Dec. 27, 1994 newspaper *Biznes*. "During periods of social cataclysm," i.e., the transition to a market economy, stimulation in investment and production is needed, he said.

Chernyak criticized Kuchma for talking about the need for "new social sacrifices" when the population has been "practically exhausted." He said that Ukraine's farmers must be supported, pointing out that in the United States, the market economy is "more regulated and less liberalized than the model being proposed for Ukraine by western monetarist advisers."

If the monetarist model is carried out, he warned, science, education, culture, and public health services will continue to decline, "along with prodding the country toward the path of deindustrialization and the fringes of scientific-technical progress. Much of what is being offered as reforms will lead to a further decline of production."

Chernyak said that the average wage is 40% of the subsistence level. He called for stimulation of production through "easy credit and state support for priority investment programs."

Agriculture

China exposes fraud of Brown starvation scenario

Chinese Academy of Science researcher Dr. Hu Angang exposed as "ludicrous" the incompetence of the latest "alarmist" fear-mongering by Lester Brown of the Worldwatch Institute, who claimed that Chinese food demands will soon overwhelm world grain production, in an interview in the Jan. 30 *Beijing Review*. It is necessary to refute Brown, Hu said, because such arguments are being used to conjure up the "China threat" in world politics.

Brown's figures on food production are

"by no means accurate," Hu said. In fact, they are derived from figures of 21 years ago, when grain production was 267 million tons. Now, grain production is at 460 million tons. The net growth rate of grain production is above world average, and should exceed Brown's predictions.

Hu said that although China will still have a grain deficit by 2020, it will not be of a level to create the "global scarcity" that Brown forecasts. China will be importing 10-30 million tons per year over the coming 15 years, amounting only to 3-10% of world production, he said.

Hu traced the credence given to Brown's "careless" analysis back to U.S. Secretary of State Dean Acheson, who claimed 45 years ago that China's population of 500 million would force it to become dependent on U.S. flour. Yet, 45 years later, China is feeding a population *four times* that of the United States, on a grain crop roughly comparable to the United States, with half the arable land.

Infrastructure

Russian minister boosts Berlin-Moscow corridor

Within a few years, the Berlin-to-Moscow transportation corridor, which will include both road and rail systems, could undergo "an even larger extension," upto Samara or Yekaterinburg, Russian Transport Minister Vitali Yefimov said, the German engineers weekly *VDI-Nachrichten* reported in January. Development of the corridor is "an important economic and social program for Europe," he said. The first steps in the building of the corridor include:

- Belarus will invest about \$88 million in rail and highway modernization, to increase the speed on its 600-kilometer rail line up to 160 km per hour (kph). Negotiations with the European Bank for Reconstruction and Development on the financing of both projects have started.

- Poland will extend highway A2 at a rate of about 100 km per year, and plans to secure private financing. The German and the Polish railway agencies have agreed to have a 160 kph rail route (E20) up to Warsaw operating by 1998. This will decrease the travel

time from Berlin to Warsaw by two hours. In the year 2000, this route is supposed to be up to European standards.

- On the Russian side, the highway from Belarus to Moscow will be the first priority, and will need investments of about \$478 million in the next five years. The overall investments just for the modernization of highways and rail routes along the Berlin to Moscow corridor are estimated by the German Transport Ministry at about \$12 billion.

Health

HIV active from the start, says new study

The human immuno-deficiency virus (HIV), which causes AIDS, starts fighting the immune system from the very onset of infection, according to a report released in late January by John Coffin, a professor of molecular biology and microbiology at Tufts University medical school in Boston, and a Tufts research team. "It seems the real disease caused by HIV occurs during the period when almost nothing seems to be happening," Coffin wrote in the journal *Science*.

AIDS does not suddenly occur after years of uneventful HIV infection, he said. Instead, the disease is the result of years and years of accumulated damage to the immune system.

The clinical study corroborates studies conducted by a biological task force set up by Lyndon LaRouche in the mid-1980s, and the research of Dr. Mark Whiteside, that AIDS onset is related to the status of the infected person's immune system. Hence, persons in underdeveloped countries, their immune systems already wracked by protein deficiency, chronic malaria, and other diseases and parasites, die far more quickly than those in the developed sector. Africans infected usually die within 6-12 months of infection.

It also bolsters the assessment that routine public health measures would go far to protect the general population from HIV.

Coffin said that the gradual damage does not show up easily in blood tests that count T-cells because, even though billions of them are killed every day, the body is able for years to replace them at the same rate. "The virus is like a forest fire. The fire is burning slowly,

and at any given time, only a certain number of trees are on fire. But eventually the fire spreads faster than new trees [the T-cells] can grow."

Nuclear Energy

Germany, Russia set deal on plutonium

Germany and Russia have apparently concluded a deal in which Russian weapons-grade plutonium will be processed in the new mixed oxide (MOX) factory of Siemens in Hanau, Germany, into new nuclear fuel elements, the German weekly *Der Spiegel* reported in late January. The fuel elements (about 5% plutonium, and the rest uranium-238) would be sold to South Korea or Taiwan.

EIR was told by Siemens that the German Foreign Ministry has ordered a study by German and Russian nuclear experts in order to identify technical solutions for the huge amounts of Russian plutonium.

The construction of the new Hanau MOX facility will be finished in about two years. Last year, Siemens decided to shut down its old MOX facility and its uranium fuel element facility in Hanau, putting almost 1,000 nuclear technicians out of work.

Employment

German 'upswing' met with more layoffs

Another 120,000 job cuts were announced in Germany at the end of January, amid a so-called "upswing." The board of Deutsche Bahn AG approved a strategy paper which calls for the elimination of 90,000 out of 307,000 jobs by the end of 1997, in order to "increase productivity." The number of apprenticeships at the firm will also be cut drastically.

On Jan. 31, the German auto-makers association manager Achim Diekmann announced in Frankfurt that job cuts in the industry (20,000 in 1994) will continue in 1995. The "cost cutting" is all but finished, he said. Since mid-1991, more than 150,000 jobs have been

eliminated from the industry. Today, one-third of all German cars and half of all German trucks are entirely produced outside of the country.

Further, Siemens-KWU will cut another 2,200 jobs this year (about 10% of its workforce), especially in its energy production section. In 1994, KWU shut down one of its nuclear fuel element factories (a reprocessing and enrichment complex) in Hanau, and its photo-voltaic section lost money. In fiscal year 1993-94 (which ended Sept. 30, 1994), KWU decreased investments by 46% and expenditures for research and development by 10%. New orders for its nuclear section fell by more than 15%.

The head of Thyssen Stahl AG, Heinz Kriwet, announced that 8,000 more jobs will be cut in the year ahead.

United States

Infrastructure has not improved, contractors say

The United States' "grades" for the different categories of infrastructure do not seem to have improved over the past seven years and may actually have declined," the Associated General Contractors of America, a trade association representing over 30,000 construction contractors, reported on Jan. 19. The conclusion was contained in a "progress report" distributed by the AGC at the Economic Policy Institute's National Conference on Infrastructure Investment.

According to the AGC report, "55.7% of U.S. major roadways are now in poor to fair condition and in need of immediate repair. Annual expenditures are falling \$9 billion short of the amount needed to maintain current conditions."

The 1988 infrastructure grades were: highways, C+; mass transit, C-; aviation, B-; water resources, B; water supply, B-; wastewater, C; solid waste, C-; hazardous waste, D.

According to the AGC, all these categories have probably become worse. The AGC noted that capital investment required to meet clean water standards has leaped 67%, from \$76.2 billion in 1988, to \$127.1 billion.

Briefly

● **DEUTSCHE BANK** will need to give a capital infusion of about \$315 million to Klöckner Humboldt Deutz, the German engine and industrial plant manufacturer which is facing losses of about \$75 million for 1994, in order to enable the firm to survive its debt problems. The bank is the firm's main shareholder.

● **THE CAIRO SUMMIT** of Israel, Egypt, Jordan, and the Palestinians agreed on Feb. 2 to press on with plans for a development bank for the Mideast. Also, on Jan. 31 in Gaza, donors agreed to speed up disbursement of funds to the Palestinians. A World Bank official said the Palestinians should receive \$500-600 million this year; last year they received \$228 million.

● **CHINA'S** Heilongjiang province will open 15 cities along the Heilongjiang and Songhuajiang rivers, to increase transport to Vladivostok in Russia, in order to increase trade, *China Daily* reported on Jan. 27.

● **RUSSIAN** coal miners in the Rostov-on-Don region began an "indefinite" strike on Feb. 1, after repeated pleas for back wages went unanswered by the government. Miners are demanding that disinvestment in the coal industry (a demand of the International Monetary Fund) be halted.

● **LORD DENIS HEALEY**, the former British Chancellor of the Exchequer, who warned in 1994 of the danger posed by derivatives, said that "an economist could be defined as someone who knew 69 ways of making love but didn't have any girlfriends," in a radio talk on Jan. 22, the London *Sunday Times* reported.

● **BOEING**, the U.S. aerospace firm, will lay off 7,000 workers in its commercial jetliner manufacturing operations, the Feb. 3 *Wall Street Journal* reported. Company officials were caught off-guard by the large number of aircraft order cancellations or delay in deliveries scheduled for 1996-97.