

Business Briefs

Trade

West Germany gives credit to Red China

The West German government will give guarantees for a 200 million deutschmark credit to the People's Republic of China, for the construction of a steel plant and a truck-producing complex.

The credit guarantee was agreed upon in talks between Foreign Minister Hans-Dietrich Genscher, Finance Minister Gerhard Stoltenberg, and Chinese Vice-Premier Yao Yilin, head of China's state industrial planning commission, in Bonn Oct. 4.

Yao Yilin has meetings scheduled with German industry managers and will meet with Chancellor Helmut Kohl, who is just completing a tour of Asia.

Malthusianism

World Bank to link loans to environmentalism

The World Bank, which already makes all lending decisions on the basis of "population control" considerations, is now planning an initiative to tie new loans to developing countries to environmentalist measures.

While details were not available as *EIR* went to press, some indication is given by discussions at the meeting of British Commonwealth finance ministers in Limassol, Cyprus, held just before the joint conference of the International Monetary Fund and World Bank in Berlin Sept. 27-29.

There, it was announced that something had to be done to end the environmental destruction, particularly the "indiscriminate felling of trees," which, it was claimed, was responsible for natural disasters like the floods in Bangladesh and Sudan. The ministers were worried that these disasters would harm the ability of developing nations to earn money to pay their debts.

No mention was made of these countries' utter lack of modern water-manage-

ment infrastructure—because World Bank and IMF programs have forced cancellation of such projects.

American experts have said that the felling of trees in the Himalayas is minimal and could not have caused such flooding as Bangladesh experienced.

Nevertheless, according to the *Cyprus Mail*, "In recognition of the threat, the World Bank has championed a move to link debt repayment and provision of new funds to developing nations with schemes to protect the environment."

Asia

Trilateral report targets Korea

The Trilateral Commission, the one-worldist body organized by David Rockefeller, will soon issue a report that was presented to its June meeting in Tokyo, which urges that the Republic of Korea join the Organization of Economic Cooperation and Development (OECD), the body of non-communist industrial nations. The thrust of the Trilateral report is to force the dropping of all protection for the Korean economy against the West's usury-practicing financial interests—in Trilateral jargon, "liberalization."

Both Korean Finance Minister Dr. Sakong Il and Bank of Korea head Kim Kun are now traveling in the West—the first to London, the second to New York—to emphasize that Korea is in a transitional phase, the *Financial Times* reported Oct. 4.

Sakong said Korea would have to liberalize import rules and reduce tariffs in order to become a fully advanced industrial nation. Kun said that there had been much resistance to financial and economic liberalization inside Korea, particularly by the large industries supported by favorable tax and financial treatment by the government.

"Externally, Korea has been carrying out liberalization in the face of rising protectionism. . . . Increasing barriers to Korean exports does not make it any easier for the government to persuade people of the virtues of liberalization at home," said Kun.

It is in exactly this situation, the Trilateral report says, that the Republic of Korea should join the OECD: "It might bring back home a more internationally oriented sense of policy direction," says the report.

European Community

Agnelli, Rockefeller talk of Europe 1992

An Oct. 3-4 meeting was held in Rome, organized by the Italy-U.S.A. Relationship Council, to "Single Europe 1992" act. Under the act, 1992 will see the first phase of the continent's corporatist restructuring, with the elimination of all customs barriers to the movement of people and goods.

The council is co-chaired by Gianni Agnelli of Fiat and David Rockefeller of Chase Manhattan.

Agnelli said that 1992 does not mean "European protectionism," and so, the Americans have no reason to worry. He also said that in the future, but not immediately, Europe will have a single central bank and its own currency. National sovereignty is thus to be effectively eliminated.

Among those at the meeting were bankers Nerio Nesi and Auletta Armenise, and industrialists Pininfarina, Piero Bassetti, and Umberto Nordio.

Nerio Nesi emphasized that Europe 1992 means that many banks have to disappear, leaving a few mega-banks.

Monetary Affairs

Thailand attacks World Bank

Finance Minister Pramual Sabhavasud of Thailand Sept. 29 strongly criticized the World Bank for not taking early corrective action to prevent and limit surging loan costs to members resulting from currency fluctuations.

The attack came in a statement by the

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minister to the joint annual meetings of the Board of Governors of the World Bank Group and the International Monetary Fund in Berlin.

"The bank has fully retained its triple A rating and market acceptance," he said. However, this "financial success" was achieved at the full cost of borrowing member countries, who shared only in the number profits, yet bore the full burden."

He explained, "By firstly denominating loans in U.S. dollars—while funding them largely in hard currencies like the yen and deutschemark and booking the debt to member countries on a pooled basis—the entire currency risks are passed on to borrowing countries. . . ."

"Thus, the all-in loan costs to borrowers for a nominal 11.6% fixed rate loan is truly 18%. If a country prepays, the loans are increased by 38%. In other words, an original \$100 million loan becomes \$138 million upon repayment."

The minister said that when a country elected to prepay, which is the only logical recourse, the bank could choose, and did choose, the hardest currency for accepting prepayment.

His message concluded, "If we cannot ask the bank to change this unhealthy situation, where, or whom, should we ask to ensure that developing member countries be given due consideration?"

Space

Eurospace chief warns on Soviet cooperation

The head of the European Space Agency (ESA), Roger Bonnet, warned British space scientists rushing to cooperate with the Soviet Union, that they are treading on dangerous ground, because Soviet space missions have a disappointing track record and Soviet technology is crude.

Speaking at a Royal Society meeting Oct. 3, called to discuss Britain's future programs in space, Bonnet said that the Soviets are "failure-oriented, we in Europe are success-oriented. We must be careful not to lose our identity. This is a dangerous phe-

nomenon. . . . Our projects would be driven by Soviet policy."

Bonnet stressed that the Soviets wanted cooperation with the West because they lacked the funds and technology to have a successful program on their own.

His statements "angered and astonished" the assembled scientists, the Oct. 4 London *Independent* reported. Ken Pound of Leicester University protested that Europe could rival the U.S. space agency, NASA, if it cooperated with the Soviet Union.

"For what we put into the Soviet schemes," he exclaimed, "we're getting a lot out in terms of science."

Recently, Britain was given the go-ahead to participate in the Soviet Spectrum X space astronomy mission, due for launch in 1993, but ESA has been upset by this, warning it could divert resources from ESA's own x-ray astronomy project, XXM, scheduled for launch in 1998.

'Free Trade'

Canadian elections will test U.S.-Canada pact

Prime Minister Brian Mulroney has set Nov. 21 as the date for new elections in Canada.

On Oct. 1, he dissolved Parliament and set the stage for an election which will be a national referendum on the free trade accord recently negotiated with the United States.

Both opposition candidates, John Turner of the Liberal Party and Ed Broadbent of the socialist New Democratic Party, have vowed to tear up the agreement.

Turner has criticized the treaty as Mulroney's plan to turn Canada into a "colony of the United States."

Under the agreement, virtually all barriers will be dropped to the movement of goods between the two North American nations.

Earlier, legislation was passed in the Canadian Parliament that would make it a crime for anyone to "export" any significant amount of Canadian water to the United States—primarily intended as the first in a series of attacks on the free trade pact.

● **HOMELESS** persons in the San Francisco Bay area of California now number 49,000. In Alameda County, of the roughly 6,000 homeless, 76% are mothers with children, forced out of their homes by high rents. Families also account for two-thirds of the homeless in San Mateo County. Some are former homeowners.

● **NEW ZEALAND** Foreign Minister Russell Marshall, in London Oct. 3, attacked the Common Agriculture Policy of the European Community as "an approach which ignores the world market and carries with it the seeds of acrimonious trade disputes. New Zealand . . . will be looking closely at the emergence of the [1992] Single Market . . . where trade rumparts should be leveled down, not up."

● **VENEZUELA** has banned exports of rice, milk, eggs, flour, salt, pork, and chicken for fear these food items may become scarce. Excessive rains have harmed domestic harvests, while drought in other nations is adversely affecting import prospects, the nation's Treasury Department announced.

● **RETIRED CHICAGO** city workers face a 300% increase in health insurance premiums, according to information leaked at a pre-retirement seminar for police officers there. A retiree and his wife now paying \$55 a month for medical coverage will soon have to pay \$162 a month. The fees are to be deducted from pension checks.

● **THE BANK OF FRANCE** on Oct. 4 announced that it had decided to bail out the troubled Al Saudi Bank, founded by the Saudi Royal Family. By mid-September, the Al Saudi Bank had accumulated 8.5 billion French francs worth of debt, permitted in the belief that it had the Royal Family's backing—which it did not. That news almost collapsed the bank. The Bank of France's bailout decision averts a major diplomatic incident between France and Saudi Arabia.