

Business Briefs

Banking

Bank of England moves to rescue Midland Bank

Britain's third largest bank, Midland Bank, cut its stockholder dividend by 50% on March 5, a move not seen in a big U.K. bank since the Depression of the 1930s. The next day, Bank of England Governor Robin Leigh Pemberton is reported to have taken the extraordinary step of personally intervening to convince a rival bank, Barclays, to part with its finance director, Brian Pearse. Pearse takes immediate responsibility as Group Chief Executive at Midland.

Midland chairman Sir Kit McMahon has been forced to resign and is being replaced by former British Petroleum chairman Sir Peter Walters.

Bad results at Midland had been expected, but the severity was worse than most foresaw. Senior City of London analysts say the moves by the Bank of England on March 6 underscore the central bank's policy of active intervention to save core banks and corporations as the "Thatcherized" British economy deteriorates further, at the expense of the majority of small and mid-sized corporations and taxpayers.

Infrastructure

Europe moves to build fast rail connections

Several European countries are moving to modernize railway infrastructure and build the state-of-the-art high-speed and magnetically levitated (maglev) technologies. Such infrastructure development is one of the cornerstones of Lyndon LaRouche's proposed Productive Triangle for European development.

In Germany, strong endorsements of maglev projects were given on Feb. 25 by Rudi Walther, Social Democratic member of parliament, and Heinz Riesenhuber, Minister of Research and Technology. Walther said the option of building a maglev connection from Berlin to Frankfurt should receive priority con-

sideration, because it would reduce travel time between the two cities by more than two-thirds, from eight hours down to two and a half.

Riesenhuber, in presenting his budget requests, called for funding a "show-case track of the Transrapid maglev train, to extend into the five new eastern states." He criticized the lack of funding for the Transrapid experimental train project in the past years, which led to a lag in testing and other technical progress.

In Italy, the National Railway has announced that it will invest \$26 billion in the next two years in railway modernization, including the construction of major new high-speed rail lines. Over the next four years, high-speed rail will link Milan to Naples and Venice to Turin; a high-speed line from Rome to Florence is already nearing completion. The plan encompasses an eventual link with the French TGV Lyon line.

Malthusianism

McNamara calls for genocide in Africa

A blueprint for Africa by former World Bank President Robert S. McNamara is published in International Planned Parenthood's magazine *People*, calling for a nearly 50% reduction in the total fertility rate on the continent by 2025. With no program for real economic development of the continent, and with his call for funds to be allocated to population control and "environmental" causes, the article amounts to a blueprint for genocide.

"The demographic choice facing Africa can no longer be deferred," he writes. "Africa has to decide whether to fill its land quickly with many ill-fed, unhealthy, uneducated, unemployed people, or to space its children so that they and the society as a whole have a better chance of a much better life. . . . To meet these fertility targets, family planning aid would need to be increased to about \$650 million a year by the end of the century. . . .

"Each country will need an environmental action plan. . . . Donors currently provide about \$500 million a year to Africa for environ-

mental activities. This is totally inadequate. . . . I suggest that external environmental assistance to Africa be doubled at once."

Transportation

Airlines asks for U.S. government help

Hollis Harris, the chief executive officer of Continental Airlines, said in February that the 10% ticket tax levied by the U.S. government should be loaned to the airlines for one year, with interest, to help them get past the current "recession." The money currently goes into the Aviation Trust Fund, which, like the other trust funds, is largely looted to "reduce the budget deficit." The tax is expected to generate \$4 billion this year.

Harris was quoted by *Aviation Week and Space Technology* magazine saying that "extraordinary relief" was needed, justified by an "extraordinary situation." Harris described the commercial airlines as a "quasi-utility," making the point that a healthy airline industry was important for the nation as a whole. He was supported by representatives from Midway Airlines, Northwest Airlines, and other troubled carriers.

Aviation Week commented that it is very unlikely that the Bush administration will go for the proposal.

Petroleum

Damage to Kuwaiti oil is exaggerated

The extent of damage to Kuwaiti oil installations is being deliberately exaggerated by the United States, very well-informed London oil sources told *EIR*. "It is very much in the interest of both the U.S. and the Kuwaitis to make it appear now that the Iraqis have committed heinous damage to Kuwaiti infrastructure, for purposes of extracting maximum concessions from Iraq," said one expert.

Briefly

According to these sources, close to the international oil interests, the damage for the most part will likely be repaired in a matter of weeks, rather than years, as U.S.-controlled media reports indicated. "In most cases, our information is that it will merely be a matter of replacing the pumps and oil flow can resume. Priority will be on restoring the large Burgan field west of Kuwait City."

Our sources predict a postwar collapse in the world oil price. "It will be out of control for a few weeks; we see \$12 per barrel or even \$10/bbl before slowly rising to the high teens after a U.S.-Saudi understanding is worked out on stabilizing the price." But fear of secure supplies from the Gulf has never been the issue. "Look, we have now had two wars, one of them horrendous, and never has world oil supply been affected. Prices, but not supply. Gulf oil supply is if anything *more secure than North Sea supply.*"

Aerospace

European Commission aids airlines

Emergency measures have been taken to help strapped European airlines. Suffering from the drop in international air traffic since the start of the Gulf war, the rise in fuel prices since August, and the overall financial difficulties in the commercial airline industry, the 22-member Association of European Airlines (AEA) asked for government help.

In late February, the European Commission approved an emergency package, including state subsidies to compensate for increased security and insurance costs, allowing airlines to agree to capacity reductions without losing landing and takeoff rights, and giving companies a grace period on rental fees.

The commission recommended that member nations should reduce the tax rate on domestic air travel. The package has a three-month limit, which the AEA says is not long enough; it will require that the companies seek an extension.

The aerospace industry is also hurting from the trade war between the United States

and Europe. "The U.S. cannot tolerate competition from Europe," charged French Aérospatiale chairman Henri Maître, a partner in the French Airbus Consortium. "They want us to gobust." Maître's comments refer to the recent U.S. effort to force a GATT resolution denouncing European governments for subsidizing Airbus, allegedly in violation of GATT agreements.

Airbus maintains that a major reason for government support has been to compensate for the collapsing U.S. dollar. In 1990, Airbus lost \$1 billion just from currency fluctuations; by international convention, aircraft are always, like oil and grain, bought and sold in dollars. Last year, 39% of all U.S. aircraft exports went to Europe.

Demography

New law would curb abortions in Poland

According to newly proposed legislation in Poland, abortion would only be permitted if the pregnancy is the result of a crime or the life of the pregnant woman is endangered, according to *People*, the magazine of International Planned Parenthood. Persons illegally performing abortion would be subject to two years' imprisonment.

"This move, unfortunately, has the backing of the two most powerful forces in Poland today, the Solidarity Labor Union and the Catholic Church," the pro-abortion magazine comments. At its national congress, Solidarity passed a resolution endorsing protection for unborn life. The Church recently characterized the current pro-abortion law as "an ally of evil," which has caused "mass depravity of the human conscience." A senior Church official reportedly lectured a parliamentary committee on their "moral duty."

President Lech Walesa "is strongly opposed to abortion, leaving the only organized force that opposes the proposed restrictions as the Communist Party," *People* laments.

● **AIDS** became the leading killer of young adults in Baltimore in 1989, reports the Baltimore City Health Department. It killed 147 and accounted for 14.1% of all deaths of city residents between the ages of 25 and 44, surpassing homicides and heart disease. "We're not geared up to serve the number of people dying," said Arthur Cohen, AIDS program manager for the city Health Department.

● **HOMES IN JAPAN** cost nearly nine times a family's annual income, averaging \$346,400 for an 800-square-foot dwelling, according to an international housing study by Arthur Andersen & Co. To pay for these homes, lenders recently introduced 100-year mortgages, with the payment burden transferred from generation to generation.

● **IN BRITAIN**, more than 900,000 patients are waiting in line for surgery, due to the rotten state of the British health system. People beyond the age of 60 have no access to dialysis if they cannot pay for it themselves.

● **BANKRUPTCIES** in Canada rose 69% in January over last January. Ontario, with a 104.3% increase, or 2,193 bankruptcies in January, was hardest hit. Quebec suffered 1,995 bankruptcies, giving it a 50% increase in January.

● **NON-FUEL COSTS** of U.S. nuclear power have been driven up by regulatory agencies. A study released by the Utility Data Institute indicates that non-fuel expenses at nuclear plants increased 33%. The increase was apparently due to the additional staffing needed because of the regulatory requirements that have mushroomed over the past few years.

● **SWEDISH** bank losses are the worst in history. Anders Sahlen, head of the State Swedish Bank Inspectorate, announced that total bank losses were equivalent to \$3 billion in 1990, the worst figure ever recorded.