

Business Briefs

Dope, Inc.

'Black money' flow disrupting economy

One of the major problems of world financial markets is the huge "black money" flow, a European banker told *EIR* on Aug. 17.

The source said that recent estimates of total world "black money" flows of \$1.5 trillion, including \$5-600 billion in direct drug revenues, is draining huge sums otherwise available for productive investment.

As countries try to cut off the laundering of such illegal flows without significantly increasing liquidity from the traditional banking system to compensate, he predicts this will aggravate financial contractions. Recent crackdowns on drug banks from Luxembourg to Panama to various Paris-based Middle East banks, exemplify the point.

The Kennedy School of Government at Harvard University, an institution which has consistently pushed for drug legalization, has meanwhile issued a new study which claims that U.S. government efforts to stop the flow of marijuana into the country are merely encouraging domestic output of the drug.

The study, prepared by Mark Kleiman, a former Reagan Justice Department hand, says that attempts to interrupt the supply of imported marijuana actually encourages domestic growers. Kleiman charges that "the natural effect of ordinary enforcement is to drive out the weakest drug dealers and increase the profits of the rest. . . . The more enforcement there is, the better violence and corruption pay."

Agriculture

Farmers reject liberalized markets

Farmers from seven nations, meeting at a conference in Japan, called for a halt to further liberalization of the world's agricultural markets, Japan's Kyodo news agency reported on Aug. 15.

A total of 2,500 farmers from the United States, the Netherlands, India, Taiwan, the Philippines, Thailand, and Japan gathered from July 29 to Aug. 14 to exchange views on agricultural problems.

In a final communiqué, the farmers said that excessive free trade would devastate the farming sector in each country, by bringing about painful price cuts on agricultural products and damaging small farms, which suffer most in price wars. They said that grassroots exchanges among farmers worldwide are needed for combined opposition to agricultural policies imposed by governments, such as dumping of surplus products.

Energy

India plans expansion of nuclear program

M.R. Srinivasan, chairman of the Atomic Energy Committee of India, told newsmen the week of Aug. 12 that India is constructing 12 new nuclear reactors of 235 megawatt capacity each, and 6 reactors of 500 MW capacity, to be completed by the year 2000, as part of India's commitment to develop a nuclear energy supply.

In addition, two 1,000 MW Soviet-built reactors will be installed during this period. According to Srinivasan, India will have in operation 32 nuclear reactors by the year 2000, out of which 26 reactors will have been designed and built domestically.

India started its atomic energy development program in the late 1950s under the guidance of Dr. Homi Bhabha. Following Dr. Bhabha's original plan, the Indian Atomic Energy Committee plans to install the first domestically built breeder reactor by the year 2005.

Ecological Holocaust

Agencies report growing world health crisis

A joint study of the World Health Organization, UNESCO, and UNICEF, entitled "Facts for Life," released in August, reports

on the worsening world health situation.

The report outlines that measles kills a child every 15 seconds; diphtheria is fatal in 10-15% of cases; and tetanus kills 800,000 newborn babies a year. Every year 50 million children contract whooping cough (pertussis) and 600,000 die. There are 275,000 cases a year of poliomyelitis, the leading cause of paralysis in the Third World. Tuberculosis claims up to 10 million victims. Each year some 3.5 million children under five years of age still die from diarrhea. About 4 million children under five years of age die every year from respiratory infections, mostly pneumonia, in the Third World. Respiratory infections are responsible for 25-30% of all deaths of children under five in the developing countries.

More than 1.31 billion inhabitants of developing countries, excluding Communist China, have no access to clean water, and 900 million of these live in backward rural areas. Almost 1.75 billion people are without sanitation facilities.

The total annual number of clinical malaria cases is estimated at 100 million. Studies in Africa indicate that 20-30% of infant and childhood mortality worldwide may be attributable to malaria.

Labor

Soviets lose 65 billion man-hours to queuing

The Soviet Union suffers a loss of 65 billion man-hours every year, due to the time that citizens must stand waiting in line to buy food and other commodities, according to a report in the weekly *Literaturnaya Gazeta* on Aug. 18.

"Most of that time is eaten up by nervous tension while standing in queues," the paper reports. Because of the almost complete unavailability of meat, most Soviets subsist on a diet of pure starch. Each person consumes 300 grams of potatoes (two-thirds of a pound) and 400 grams of bread (nine-tenths of a pound) each day. Meat rationing is in force in most republics. Butter sales have been restricted in many regions.

Selskaya Zhizn, the newspaper of Soviet farmers, reports that rural citizens even eat

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less meat, fruit, and potatoes than they did five years ago. The article cites the fact that up to 1 million peasant women carrying empty baskets pour into Moscow each day, by bus and train, hoping to find food for their families in the provinces.

The Environment

Backwardness destroying Indonesia's rain forests

Indonesian President Suharto called for a halt to the destruction of the world's tropical rain forests, according to press accounts Aug. 16.

"The main factor that destroys the tropical forests in developing countries is their economic backwardness, which leads to low living standards," Suharto said, adding that 1.2 million acres of Indonesia's forests are destroyed every year, mainly through timber concessions and slash-and-burn farming. Despite an annual investment of \$300 million for replanting, the Indonesians cannot keep up with the pace of destruction.

The main tropical rain forests, which Suharto called "the lungs of the world," are in Indonesia, Brazil, and Zaire. Although Indonesia has a very large debt, he made no references to swapping debt in return for environmental concessions, as the World Wildlife Fund and international financial institutions are demanding.

AIDS

New York Times heralds shift in testing

"Major Changes for Health System Seen in Wake of the AIDS Finding, All Those at Risk Are Urged to Take Virus Test," headlined the *New York Times* Aug. 19, in describing the policy shift for AIDS testing in the United States, which is occurring on the pretext of the success of the AZT treatment for some AIDS victims.

Lyndon LaRouche had advocated such a general AIDS testing policy more than four years ago, to protect both the uninfected and to provide early care for the infected;

for this, he was denounced by the media and the health establishment as an "extremist."

Richard Burzon, a scientist at the Institute of Medicine in the National Academy of Science, is quoted saying, "Clearly what's going to happen, and this is very sad, is that the health care system will simply be overwhelmed, especially in a place like New York," since treatment costs are rising so fast.

Health

New York to deny Medicaid to 'overusers'

New York State's Department of Social Services, in a new system to be implemented this fall, will deny medical care to 10% of the state's Medicaid recipients who exceed what it terms the "utilization threshold" limits for doctor and clinic visits, laboratory tests, and prescription drug purchases.

Officials point out that 90% of the state's Medicaid patients will not exceed these limits; the 10% who do can only get treatment by filling out complicated forms that are arduous even for medical personnel, let alone for people who are ill, indigent, undereducated, and who even then must wait for approval by the department. The exception is for emergency care—which will add patients to already overwhelmed emergency rooms, with no guarantee of reimbursement to hospitals by the state.

"It's virtually guaranteed that large numbers of patients will be unfairly denied care that they need and are entitled to," said Richard Gottfried, chairman of the State Assembly's Health Committee. Deputy Budget Director Paul Wilson, who drew up the new regulations, said that the concept was one that private insurance plans routinely use to cut "unnecessary" medical expenses.

The amount saved will be \$50 million, while adding a new layer of bureaucratic costs to hospitals. Kenneth Thorpe, director of Harvard University's Program on Health Financing and Insurance, candidly explained that while the immediate net savings are minuscule, "it does set a potential precedent to start looking at other kinds of restrictions on utilization."

● **THE FEDERAL RESERVE** voted 5-1 on Aug. 21 to allow Japanese securities firms to remain primary dealers for U.S. Treasury securities, by ruling that Japan does not significantly discriminate against foreign companies in its own government securities sales. The Japanese threw the bond market into a panic by not buying their usual share at a recent auction.

● **RED CHINA** has delayed payments of interest and principal on loans from Japanese banks, *Nihon Keizai Shimbun* a leading Japanese financial daily, reported Aug. 20. International financial sources said the loans were primarily used to finance hotels and tourist projects.

● **U.S. BUDGET DEFICITS** for the next five years will remain over \$100 billion, even if the budget agreement between the administration and Congress is fully implemented, the Congressional Budget Office forecasted Aug. 19. The law requires the budget to be balanced by fiscal year 1993, when the CBO estimates the deficit will be \$128 billion.

● **IRAN AND CHINA** signed a \$500 million economic cooperation pact, according to Iranian Deputy Minister of Heavy Industry Mohsen Mehralizadeh, the *South China Morning Post* reported Aug. 4. Two 300 MW steam-powered generators and a paper mill will be built, and China will help Iran manufacture parts for the generators, heavy cranes, and equipment for sugar refining plants under the pact.

● **30,000 NURSES** are immediately needed to stop the growing crisis in West German hospitals, the West German Hospital Association claims. The association is negotiating with West German state-linked insurance companies in order to get them to agree, which seems unlikely in the near future.