

Business Briefs

Algeria

Draconian IMF-dictated import curbs imposed

The Algerian government has implemented new import restrictions which will save Algeria \$570 million, a government minister said on Nov. 11. "With the new import measures, we expect to save the hard currency equivalent of 12 billion dinars," the junior minister for commerce Tahar Hamdi told the government news agency APS.

Prime Minister Belaid Abdesselam's government in early November suspended all imports of 41 classes of consumer goods as part of measures to save scarce foreign currency needed to service the foreign debt of \$25 billion, much of it short-term.

Among the suspended import products are meat, fruit, fish, and chocolate. Other vital imports, like cereals, vegetables, sugar, flour, tea, and spare parts for agricultural machinery, will be subject to quotas. Like Egypt, Algeria imports over half of its protein requirements.

Debt

Venezuelan banker scores U.S. policy

Banker Luis Vallenilla, head of the Cavendes Financial Group and newly elected head of the Latin American Businessmen's Council, charged that the United States has no moral authority to accuse Germany of being responsible for the monetary crisis of Britain, Spain, and Italy today, since the United States unilaterally caused the debt crisis of Ibero-America, the Nov. 14 *EI Universal* reported.

Vallenilla said this policy began at the end of the Carter administration, when the Federal Reserve jacked up interest rates to 20%. This led to disaster in the region, causing massive currency devaluations, "activating the foreign debt bomb," and producing the so-called "lost decade," he charged.

Vallenilla, who belongs to a political faction opposed to Venezuelan President Carlos Andrés Pérez, said it was unfortunate that none of the Ibero-American officials who attended

the recent meeting of the International Monetary Fund and World Bank referenced "this terrible episode of Latin America's recent history and its social tragedy."

Russia

Sachs responsible for crisis, says academic

The "shock therapy" reform plan of Harvard Prof. Jeffrey Sachs is "a fiction" which has been "bad for Russia," which "won't work," and which "condemns democracy" in Russia, Stephen Cohen, professor of Russian studies at Princeton University who is known for his writings on Bukharin, charged on the PBS MacNeil-Lehrer News Hour on Nov. 10.

Sachs had blamed the collapse of the Russian economy on "reactionary forces" in the "military-industrial complex" who, since May-June, had printed massive quantities of paper money to keep the state sector going, thus causing an incipient hyperinflation. "The problem is not the Russian reactionaries," countered Cohen, "the problem is the IMF shock therapy. . . . The problem is the Sachs program," which is a fiction incompatible with "the country I have studied for 30 years."

Russia must find its own way, which is not the "American way," Cohen said. He stressed that "90% of the Russian economy depends on the state sector," which produces baby food, textbooks, toothbrushes, plastics, and numerous other consumer products, and not just the missiles, aircraft, and metals mentioned by Sachs. The shock therapy is "destroying the industrial infrastructure" of Russia, the country's main achievement in the 20th century. The Sachs program amounts to "destroying that in the name of the monetary dogma of the IMF, or of the way things are in America, [which is] incredibly arrogant."

Cohen recommended that Russian economists, "who understand the market just as well as Professor Sachs does," be given a bigger role. Against Sachs's "100 years of monetary policy experience," Cohen set "1,000 years of Russian history," which dictated a different model.

Military Production

China trying to produce MiGs with Russian workers

China is negotiating an agreement to co-produce MiG-31 fighters with a work force of 1,500 Russian personnel who would rebuild an outdated Chinese plant in south China, *Aviation Week* reported on Oct. 29. Some of the planes to be co-produced in the plant, which is located in Guizhou province, will go to Russia. The plan is part of China's overall effort to modernize its military.

In addition, China will be trying to acquire IL-76 transport aircraft, surface-to-air missiles, and a new air-launched cruise missile. Russia has sold China its S-300 SAM missile. The missile technology involved is basically anti-aircraft; no ballistic missiles are involved in the deals, although *Aviation Week* reported that China is trying to develop a conventionally armed intermediate-range ballistic missile.

Health

Cholera epidemic ravaging Zambia

A cholera epidemic is raging through various cities in Zambia, and health authorities are labeling it "colossal," BBC reported on Nov. 9. In the mining region of Kitwe, at least 140 people have died in two days alone, and 300 have died in a week. More than 3,000 people in the region are reportedly affected, and other cities are also reportedly affected.

BBC says it is the worst cholera outbreak in Zambia's history. It is so out of control, that the Army has had to be called out to collect corpses and dig mass graves, because the normal funeral capacities have been overstretched. Hospitals are also ill-equipped to deal with such a disaster. The government has announced emergency measures to spray houses, restrict movements of populations, and fix sewers.

The epidemic could have "serious political implications," because recently elected President Chiluba has "ignored social issues," and has instead made a priority of "harsh free-mar-

ket reforms," BBC commented. BBC says his priorities will now rapidly change by force of circumstance, and social issues will move to the top of the agenda.

When Chiluba was elected, there was a lot of hype from Project Democracy channels, that what was happening in Zambia was the great success of "pluralism" and "multi-party democracy," as Chiluba was able to "peacefully replace the autocratic Kaunda."

Monetarism

Philippines a vassal of IMF, senator charges

Philippine opposition senator Arturo Tolentino criticized the government of Fidel Ramos for subservience to foreign creditors and proposed a referendum on how to handle the foreign debt problem, Reuters reported on Nov. 12. He said that because of the heavy indebtedness, "we have virtually lost our independence. . . . We have practically become a vassal of the IMF [International Monetary Fund], which makes obnoxious impositions upon us," he said in a speech to the Senate.

"We only want to live within our means, and to pay only what we can afford to give our creditors without sacrificing our own people," said Tolentino, who was foreign secretary under Ferdinand Marcos. "Let us hold a referendum to determine the sovereign will of the people from whose pockets the money will come."

Tolentino said that the government should stop the practice of automatically appropriating a certain amount for debt service and should allow Congress to set aside the amount.

Foreign Aid

Japan to resume aid to Iran after 17 years

Japan will end its 17-year suspension of economic assistance to Iran soon, and will provide some 30 billion yen (\$243 million) in loans, the newspaper *Nihon Keizai* reported on Nov. 7. The loans would help fund a hydroelectric

power plant on the Karun River in western Iran, it said. The private Japanese Institute of Middle Eastern Economies puts the total cost of the plant at \$1 billion.

Japanese Foreign Ministry officials, however, were cautious in commenting on the report. "We will resume aid to Iran in due course because a further delay could hurt bilateral ties," one official said. "But Japan must review Iran's military spending trend carefully. The fact that the global community is concerned about reports of Iran trying to buy arms in large quantities is slowing our procedures for aid."

Japan decided to resume assistance because Iran was a major oil producer and because of its influence in the Middle East and with Asian republics of the former Soviet Union, *Nihon Keizai* said.

Japan has not given financial support to Iranian industrial projects since 1975, because of a quarrel over a petrochemical joint venture and the Iran-Iraq War.

International Credit

Taiwan to block Chinese investment

Taiwan is tightening its screening of foreign investment applications and bids for infrastructure contracts to block projects by companies with large mainland Chinese shareholdings, officials said on Nov. 9.

"We are screening foreign investment applications prudently to prevent Communist Chinese capital from slipping through," said Chen Ming-pang, secretary general of the government's Investment Commission.

He said foreign companies would be ordered to withdraw existing investments in Taiwan if they were found to have major Chinese shareholdings. Companies with major Chinese investments will also be blocked from bidding for contracts under Taiwan's six-year, \$300 billion development plan, Economics Ministry officials said.

Taiwanese investment in China, which Taipei allows, soared to \$1.3 billion in the first half of this year, the cabinet's directorate general of budget, accounting, and statistics said in a Nov. 7 report. This brought the accumulated total of Taiwan's investment in China to an estimated \$4.2 billion.

● **EGYPT** and the European Community signed a five-year, \$780 million aid program on Nov. 9. The funds will convert wheat fields to cotton production, promote tourism, and speed up "public sector reforms" (privatization and ending guaranteed state employment for college graduates).

● **TAIWAN** plans to open a trade bureau in Israel, with which it has no diplomatic ties, the Israel Export Institute said Nov. 10. Taiwanese Deputy Foreign Minister Hsiao-Yen Chang began a three-day visit on Nov. 8 to investigate business opportunities, especially in the field of high technology.

● **TURKEY** has embarked on a "fast-track privatization program" to sell off state enterprises (which employ about 600,000 people), Ustun Sanver, head of the Public Participation Administration told the Turkish-U.S. Business Council in Istanbul on Nov. 9. He expects revenues to reach \$670 million in 1993 from the sale of 31 companies compared with \$140 million so far this year from 13 state firms.

● **MICHAEL HASELTINE**, the Harvard retrovirologist, called on nations to double funding for biomedical research by 1995, and to quadruple it by 2000, in a commentary in the Nov. 15 *New York Times*. "We do not know in which field of research a breakthrough [in an AIDS vaccine] may come," he wrote.

● **MALARIA** outbreaks have hit South Yemen and the eastern Ogaden region of Ethiopia. In Aden, Yemen, 50 people per day are being admitted to hospitals. At least 14 people a day are dying in the Ethiopian epidemic, the Ethiopian News Agency reported on Nov. 12.

● **SOUTH ASIAN** countries have 10 million drug addicts, according to a report issued in conjunction with a seminar in Dhaka, Bangladesh in the second week in November. India has an estimated 5-7 million addicts, Pakistan 2.24 million, Bangladesh 200,000, Sri Lanka 100,000, and Nepal 50,000.