

# Business Briefs

## Labor

### German union okays wage pact below inflation

The German Public Workers Union (OeTV) cut the first wage deal below inflation since 1982, agreeing to a 3% pay raise on Feb. 4. The Bundesbank, which lowered its key interest rates hours before the deal was struck, had demanded a substantial cut in real incomes as a precondition for a rate cut. The OeTV deal will affect 2.3 million workers, and will set the tone for all other wage negotiations this year.

The agreement came as unemployment in western Germany soared by more than 230,000 in January, bringing the jobless total in the country to 3.5 million, the highest level since unification in 1990. The rise was unusually sharp even for a winter month. Trade unions called the figures catastrophic, and the opposition Social Democrats drew parallels with the 1930s.

On Feb. 5, Otto Count Lambsdorff, the leader of the liberal Free Democratic Party, repeated his view that Germany was experiencing its deepest recession in postwar history: "There is no way we can talk ourselves out of it," he said.

The annual economic report of the government forecasts negative real income growth for 1993, that is, the increase in income will be below the inflation rate.

## Poland

### Parliament accepts budget austerity

The Polish Sejm (lower house of Parliament) budget and legislative committees decided to accept the government draft budget, in which the budget deficit is not to exceed \$5 billion. To achieve this, pay indexation for public sector employees will be suspended in 1993 while wage increases will be delayed until April and September. Also, the indexation rate of old age and disability pensions is to be decreased to the level of 91% of wages in the production sector.

The heads of the coalition parties agreed to support the government position except for the

50% value-added tax.

President Lech Walesa has threatened to dissolve the Sejm unless it passes his budget, seen by western creditors as a test of Poland's "fiscal discipline" (willingness to cut the budget against the interests of the population). The deadline is Feb. 20.

## Neo-Liberalism

### MSIA condemns Pronasol, demands end to meeting

The National Solidarity Program (Pronasol) of Mexico is a program of slave labor and genocide, the Ibero-American Solidarity Movement (MSIA) charged in a statement released in Mexico City on Feb. 5. The MSIA charged that Pronasol is a significant element in the North American Free Trade Agreement "designed to transform Mexico into an Auschwitz-style slave labor camp, modeled on what Adolf Hitler created in Nazi Germany."

The MSIA demanded the cancellation of an international conference scheduled for September in Oaxaca sponsored by Pronasol, and co-sponsored by the World Bank, the U.N., the International Union for the Conservation of Nature, and the "Harvard-dominated Mexican government."

"With this conference, the Anglo-American financial oligarchy plans to extend the Mexican model of genocide to the nations of Ibero-America, eastern Europe, and the rest of the world. In fact, other versions of Pronasol have already been set up in Argentina, Brazil, and other Ibero-American countries," the MSIA charged.

"Contrary to the propaganda put out by the conference's co-sponsors, Pronasol is not a more charitable alternative to savage capitalism. It is a World Bank program to extend neo-liberal economic policy," it said.

The MSIA pointed out that in Mexico, "in 1980, the foreign debt amounted to \$57 billion. Over 10 years, we paid \$95 billion (almost twice the original debt) but now we owe more than \$100 billion.

"However the Mexican government may try to dress up its statistics, the truth is that its austerity programs have thrown 40 million people into poverty, of whom 17 million are

barely surviving under conditions of extreme poverty. These programs have caused a 60% drop in purchasing power, a horrendous 50% unemployment rate, the generalized bankruptcy of agricultural producers, and of up to 30% of small and medium-sized businesses.

"This is bankers' usury, pure and simple! The results are seen in astounding governmental corruption, misery, cholera, and AIDS, as well as narco-terrorism financed and protected by the same Anglo-American oligarchy, as seen in the case of Shining Path in Peru."

## 'Technological Apartheid'

### Dual-use embargo wrecks German industry

The embargo on "dual-use" (civilian and military uses) technology has dealt a catastrophic blow to the German machine tool industry, according to a report given to *EIR* by a senior representative of the German machine tool industry. "After the enormous international political pressure against German firms during the Gulf war, the government imposed the strictest export controls on machine tools and engineering equipment of any industrial nation. The key pusher behind this at the time was Foreign Minister [Hans-Dietrich] Genscher. The impact, combined with contraction of other export markets, has been devastating. There are 34 countries which are virtually forbidden by law to us since summer 1991."

The restrictions helped an apparent "boom" in exports of other countries, mostly the new Asian exporters of Taiwan and South Korea. "The smaller Asian producers suddenly bolted onto the world market in 1991," said the source, "and have taken an estimated 20% of traditional German machine tool export markets. German firms have lost huge numbers of orders because of imposition by the Bonn export law of endless red tape on exports. The Korean or Taiwanese suppliers simply guarantee the same quality, lower price, and immediate delivery."

The industry has lost 30% of production overall from its peak in 1990, and new orders are down by 45%. By the end of 1993, the industry estimates a loss of 20,000 jobs—20%

oftotal jobs. "The German machine tool sector is threatened with the same fate that destroyed the American machine tool industry some 20 years ago," he said.

## Energy

### Scientist envisions hydrogen economy

Prof. James Schwarz of the Syracuse University Laboratory for Advanced Storage Systems for Hydrogen, has reported a breakthrough that could lead directly to the "hydrogen economy," the Feb. 11 *Wall Street Journal* reported.

Hydrogen gas is considered the cleanest of potential fuels since it only generates water as a by-product, and it can replace the natural gas and gasoline fuels currently used in industry, homes, and cars. (The hydrogen can be generated by high-temperature fission or fusion reactors.)

The major problem with hydrogen, which Schwarz's breakthrough appears to overcome, is to obtain sufficient storage densities. He reports that molecularly engineered graphite (carbon) systems can store up to 52% of their weight in hydrogen. While his results are controversial, this efficiency would provide an electric car with a 300-mile travel range before refueling.

## Asia

### ECO sets integration goals for infrastructure

A foreign ministerial meeting on Feb. 8 of the 10-nation Economic Cooperation Organization set goals of railroad, truck, and air links by the end of the century, the *China Daily* reported. This was the first concrete agreement of the ECO since the former Soviet Central Asian republics of Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, along with Afghanistan, joined founders Pakistan, Iran, and Turkey last year.

The ministers said that the plan "should

enable trucks to travel from one end of the region to the other at internationally acceptable standards," and should integrate national rail networks "to permit transportation by rail from one end of the region to the other"—European Turkey to the western border of China. The region covers 7.2 million square miles and has a population of 300 million. The plan calls for an ECO airline and expansion of current air links to ensure direct air connections between capitals and major cities at least once a week, and for a network of pipelines and power grids to meet energy requirements. Members agreed to work to eliminate tariff and non-tariff trade barriers, and to devise a uniform system of customs procedures.

Pakistani Foreign Ministry Secretary Mohammad Shararyar Khan said that the plan "is realistic" and that it envisaged connecting and improving existing national highways and building some new tracks to link railways. Plans for an ECO trade and development bank would be drawn up before the ECO summit next June in Istanbul, he added.

## Environmentalism

### Ozone hoaxster loses cool in face of Third World

At the American Association for the Advancement of Science annual convention in Boston the weekend of Feb. 13, F. Sherwood Rowland, the outgoing president of the AAAS, gave a speech trying to refute attacks on his CFC ozone depletion model. Without naming it, Anderson tried to poohpoo the influential book *The Holes in the Ozone Scare*, parts of which were printed in *EIR*.

The audience of 800 had all received an ironic leaflet using the arguments from the book. After the question period was canceled, the crowd became polarized when a member of the audience walked up to Rowland and asked, "Dr. Rowland, what do you have to say about the 40 million people in the Third World who are going to starve to death because of your ban on CFCs?" He went on, "Refrigeration experts have estimated that the CFC ban will lead to food spoilage that will cause 40 million brown, black, and yellow people to starve." Rowland reddened, and retreated.

## Briefly

● **INDIAN SCIENTISTS** entered the economic debate on Feb. 2, saying that the economic reforms are pointless unless the state directs fresh investment into science and related fields. Science, technology, and higher education, they said, must be treated as crucial infrastructural elements of all future plans.

● **FORD MOTOR Co.** announced losses of \$7.4 billion for 1992, including \$7.5 billion written off to reflect changes in accounting procedures for reporting future pension fund and medical-benefit liabilities. Ford's operating loss for the year was \$502 million.

● **A PRITHVI** missile was successfully launched from India's Chandipar-on-sea test range in early February. The medium-range surface-to-surface missile is one of five under development in India's integrated guided missile development program. The U.S. has protested against any further testing of India's Agni missile.

● **GERMANY**, after meetings in Berlin on Feb. 7 with Russian Foreign Trade Minister Aleksandr Nechayev, has decided not to extend its Hermes credit guarantee for exports to Russia before more consultations on trade relations. Germany has been pushing firms to shift their traditional production for eastern markets to new clients in the West.

● **DRASTIC CUTS** in west European steel production have been agreed to in talks between producers and the European Commission in Brussels. By 1995, production will be reduced by 25-35%. The total work force in the European steel industry will be reduced by 50,000—half of these in Germany.

● **TAIWAN** plans to privatize Chinese Petroleum, a state oil company capitalized at \$1.5 billion; the Taiwan Power Co., the state-run electricity supplier with three nuclear plants (capitalized at \$7.7 billion); Taiwan Fertilizer Co., and Taiwan Salt Works.