

Business Briefs

Russia

Produce more, import less, says prime minister

Russia should import less foreign technology and concentrate on producing more of its own, Russian Prime Minister Viktor Chernomyrdin said during a visit to the north Caucasus region on May 11, RIA news agency reported. Russian companies are capable of producing many types of goods and equipment that are now being bought abroad, he said. "If we don't set up a barrier to technology purchases from abroad, we will never survive."

Chernomyrdin said that Russia was not a "beggar" and should resist attempts to reduce it to a mere exporter of raw materials. "People want to make us a country exporting raw materials, but not producing or processing goods," Interfax quoted him as saying.

"Reform won't work unless we start producing. Not even the harshest monetary and credit policy will stop inflation unless we fill the market with goods."

Chernomyrdin also complained that foreign credits were being offered to Russia only in exchange for oil, gas, gold, and other raw materials which foreigners wanted to ship out of the country.

Monetary Policy

Italian central banker wants to curb derivatives

Mario Fazio, the new Italian central banker, wants to clamp down on the speculative derivatives market, the Italian daily *Corriere della Sera* reported on May 12. Fazio "is a convinced Catholic, who never hid the fact that he fears, more than inflation, unemployment with its social tensions."

Fazio differs with German Bundesbank head Helmut Schlesinger, *Corriere* writes, but "in September, there will be a change at the top of the Bundesbank. Schlesinger will probably be replaced by Hans Tietmeyer, a Catholic like Fazio and close to Opus Dei. . . . With him, Fazio could start a project which has kept his mind busy for a while: to increase cooperation

among the G-7 [Group of Seven industrialized nations] in order to deal with the big capital volumes of international speculation, which nowadays determine the amount of money on the market, independently from the will of central bankers. . . . For Fazio, as well as for Tietmeyer, speculation that creates no development but just moves wealth is an immoral fact."

At the next meeting of central bankers in Kolding, Denmark on May 22, Lamberto Dini will report on the state of derivatives. Dini, *Corriere* reports, will recognize the seriousness of the problem but will propose no solution. "For Fazio, such agnosticism is not enough."

Austerity

Accord with IMF may topple Polish regime

The Solidarnosc union endorsed a vote of no-confidence against the Polish government should Prime Minister Hanna Suchocka and her cabinet fail to meet promises by May 19 for social protection measures against mass layoffs caused by the privatization of state sector industries and for tariff increases compensating the effects of monetary inflation. The Suchocka government faces a new national strike wave, including 300,000 teachers and health sector personnel and miners now on strike in the Walbrzych region. The miners' strike is expanding into other industrial sectors there.

Thus, forecasts that the latest accords which Suchocka signed with the International Monetary Fund (IMF) would accelerate the fall of her government, seem to be coming true. President Lech Walesa, in a statement on May 12, said that he is prepared to appoint a transition cabinet until early elections of the Sejm (Parliament).

The executive of Solidarnosc authorized its parliamentary group on May 13 to launch such a no-confidence vote in the Sejm after May 19. Suchocka's six-party government coalition controls only 180 out of 430 seats in the Sejm and is certain to lose any such vote.

Real Estate

German industry seeks curb on speculation

Legislation against speculation in real estate is urgently required if Germany ever wants to be able to build several hundred thousand apartments and overcome the chronic undersupply of decent housing, the Bavarian association of housing companies said in a statement in Augsburg on May 11.

At present, 50% or more of the average cost of building a new apartment is consumed by real estate costs, which, in the urban areas, has created a situation which makes construction of new homes impossible, the association declared. It charged the government and the political parties in Bonn with not paying attention to the real estate problem, which requires special legislation to bring prices down to acceptable levels.

The association recommended legislation which would enable municipalities to tax the speculative proceeds of real estate transactions.

In the state of Bavaria alone, the association pointed out, there is a housing deficit of at least 250,000 apartments, and it is fast increasing. The association estimates a shortfall of 1.5-2 million flats nationwide.

Whaling

Norway will defy international ban

The Norwegian government will continue whaling, despite an 18-6 vote on May 14 by the International Whaling Commission (IWC) to extend an eight-year worldwide moratorium on commercial whaling for another year. "The government has decided to stick with its decision to carry out traditional whaling," Foreign Minister Johan Joergen Holst told a news conference. "The behavior of conservationist countries in the IWC can create a . . . precedent for large countries to press small nations into refraining from using their right to manage natural resources in a justifiable and scientific manner."

The Japanese representative denounced the vote, after threatening to leave the IWC meeting. "Our anger has grown to its highest level. It is really deplorable that the IWC has become an organization to protect the rights of whales," Japanese commissioner Kazuo Shima said.

A group of Norwegian ministers is urging their colleagues around the world to back the Norwegian government's decision. The churchmen say it is contrary to Christian teachings to compare whales with human beings, the May 15 *Boston Globe* reported.

"Environmentalists see whales as something sacred that cannot be touched, treating them as the human beings of the sea," said Rev. Eiliv Larsen of Lofoten, a whaling and fishing town. "Animal rights movements are in conflict with Christian teachings," he said, citing the Biblical declaration that humans should dominate the earth.

Thailand

Cheap labor policy boosts fire death toll

At least 220 and possibly several hundred more Thai workers were killed in the worst factory fire in history, which burned a Bangkok sweatshop toy factory to the ground on May 10, Agence France Press news agency reported. Another 400 were injured.

The Thai Interior Ministry stated that "hundreds more are feared dead," and it fears that there will be many children among the dead, because many of the women workers brought their children with them rather than leave them home alone. The factory is owned by Kader Industrial, and Kader Holdings of Hong Kong has a 40% stake in the factory. The jerry-built factory, which employed several thousand workers, had no fire escapes and no working fire alarms. This was the third fire at the factory recently.

Such conditions prevail in many other Thai factories making cheap goods for export, and in many of the "Asian economic miracle" countries where many factories are foreign-owned (often by Chinese or Japanese companies) and unorganized workers labor in horrendous conditions for little pay. In Thailand, as in China, many thousands of poor peasants mi-

grating from the interior to the cities provide a huge pool of cheap labor.

The fire is only one of the many economic disasters to hit Thailand's troubled economy recently, including the outbreak of disease among chickens and pigs, forcing mass destruction of the animals and sending meat prices soaring way beyond workers' means.

Kenya

Protracted warfare with IMF is forecast

There will be protracted warfare between the International Monetary Fund (IMF), international creditors, and the present government of Kenya, the Swiss paper *Neue Zürcher Zeitung* forecast on May 8. The paper reported that the IMF is nervous after Kenyan President Daniel arap Moi recently broke all contacts with the Fund for 31 days, ending in March (see *EIR*, April 9). Even though Kenya subsequently professed that it would meet IMF austerity demands, the IMF saw the break as an "alarming signal" indicating "growing resistance."

Tensions between Nairobi and the IMF boiled over, the paper reported, when the IMF team that visited Kenya in February demanded that the government and central bank impose an interest rate of 45% on loans—which the Kenyans said would kill the medium-sized sector and, therefore, the basis for industry in the country. The arrogance of the IMF convinced the government in Nairobi that all talks with the Fund were in vain.

A total international credit and trade boycott against Kenya is certain, economic warfare that will turn into a "terror without end" for the Kenyans, but Nairobi has allies in the economic world, including investors that "still have something to lose there."

The Moi government recently devalued its shilling against the dollar, the third devaluation in four months, the London *Economist* reported. But the IMF has yet to decide to resume lending. The IMF is pressuring Moi to shrink the number of its civil servants by 45,000 from 277,000. By the third week in April, "none of Kenya's oil companies had been able to secure the dollars needed to buy in crude beyond the next month."

● **KYRGYZSTAN** raised the price of bread by two to three times on May 11. About one-third of its annual budget is spent on bread price subsidies. When prices were raised last year, angry shoppers in Naryn smashed shop windows and held demonstrations until the original prices were returned three days later.

● **DEFENSE CUTS** will cost nearly 600,000 manufacturing jobs in the United States by 1997 if spending cutbacks proposed by the Clinton administration go through, according to the Bureau of Labor Statistics. Job losses in coal mining and the production of hardware, refrigeration equipment, photographic equipment, autos, and clothing will accompany direct defense manufacturing losses.

● **TENNECO** has told shareholders that it will drastically cut production of farm and construction equipment. Case, the biggest unit in Tenneco, which accounted for 29% of operating revenues last year, will reduce its tractor product line from 48 models to 16, and cut production capacity by more than 25%.

● **CHINA'S** overall grain harvest is likely to fall by as much as 5 million tons this year from 1992 output, the state-run China News Service reported. An economic survey attributed the shortfall to declining investment in grain production, shrinking acreage for grain-planting, and poor weather.

● **MALAYSIA** gave Iraq a \$5.9 million palm oil credit facility and medical supplies worth \$97,000, during a visit in early May of Iraqi Foreign Minister Saad Abdul Majeed. The offer has been sanctioned by the U.N. Security Council.

● **METAL WORKERS** struck in Germany on May 12, after 80% voted in favor in the three eastern states of Brandenburg, Anhalt, and Saxe-Anhalt. Some 300,000 workers in the east were joined by 180,000 workers in the west.