

Business Briefs

International Credit

Put a penalty on usury, say jurists

The right to economic development is a human right, and a penalty should be placed on its violation by usury, according to an initiative presented by the American Association of Jurists at the U.N. Human Rights Conference that began in Vienna on June 14.

The relevant section reads: "Practices of states, institutions or individuals that imply limitations of the rights to development and of the economic, cultural and social rights, such as practices of usury, illegal financial deals, disturbances of the international monetary system, grave damages of the natural environment, the misuse of economic might and the like shall be considered violations of human rights."

The initiative, which says that it is irrelevant whether these human rights violations occur "consciously, by mistake, or criminal concealment," explicitly attacks multinational cartels, the World Bank, and the International Monetary Fund as agencies that are committing such crimes.

Infrastructure

China seeks to bolster railways

China sponsored a five-day conference on rail transport in Beijing in early June, to seek foreign investment to bolster the country's "overburdened system," the June 8 *China Daily* reported. China is attempting to double current rail transport capability by introducing "heavy haul technology" to most existing railways. "Heavy haul technology" is one of the most efficient means to boost world transport capacity, the China Railway Society stated. In the United States, Canada, Australia, and South Africa, such systems can handle trains up to 30,000 tons, and those in India and Brazil can handle trains of 10,000 tons. China already has one such line, the Datong-Qinghuangdao line.

China's need for new railroads is so great that five leading steel companies have "offered" to donate 1.5 million tons of special

steel for rail construction this year, although this will mean a loss of \$175 million in profits, the June 15 *China Daily* reported. The Ministry of Railways has organized 500,000 workers to build 10 trunk railway lines across the country, creating a 50% increase in the demand for special steel. China has just finished electrifying the Beijing-Guangzhou railway line (the main north-south artery).

Chinese rail freight capacity has fallen this year, "further fueling the congestion on China's rail network," *China Daily* reported. Ministry of Railway experts report that the railways moved 631 million tons of cargo by the end of May, 14 million tons less than was scheduled, and a 0.2% decline from the same period in 1992. The volume of coal (China's main energy source) shipped was 9.6 million tons less than that planned for this year, and a 2.4% decrease from the same period last year. The trains were jammed instead with 25 million more passengers than last year, as China's huge *mangliu*, the "blind current" of unemployed, move around the country. Passenger-kilometers are already 13.7 billion higher in 1993 over 1992.

Philippines

IMF wants Ramos to impose harsher austerity

The International Monetary Fund (IMF) is demanding that the Philippines government of Fidel Ramos impose harsher austerity.

Christopher Browne, the IMF representative in Manila, told Reuters in an interview on June 16 that the Philippines government must take drastic measures to increase revenue and must stop lying that the power blackouts that last up to 10 hours a day in some areas are only a temporary phenomenon. Browne predicted that the power shortages would not end until 1998. "I think that they have got to come clean and tell investors the truth. . . . All I know is that the economy is not moving after 12 months, which I find very frustrating," Browne said. "In the end it is going to lie with him [Ramos], but I am hoping that in the next four weeks he is going to move ahead and come up with some new initiatives."

In early June, President Ramos ordered his new finance secretary to re-open talks with the

IMF, but nothing has been scheduled so far. Japan and the European Community have told Manila that no loans will be forthcoming without the IMF's seal of approval.

'Recovery'

BIS admits global downturn is alarming

Bank for International Settlements (BIS) General Manager Alexandre Lamfalussy, in his report to BIS member central banks at their annual meeting on June 14 in Basel, noted that the current economic downturn, which began in certain BIS countries in 1989-90, "has been unusually long." He admitted that most OECD governments have been paralyzed from undertaking traditional "pump-priming" counter-recessionary spending to spur recovery.

"Counter-cyclical fiscal policies found little favor and in some countries with severe fiscal constraints even automatic stabilizers were allowed to operate only sparingly in view of the *legacy of accumulated debt*" (emphasis added), he said. "The absence of any real counter-cyclical activism was not a reflection of equanimity or of a confident expectation that downturn is bound to be followed by upswing. Rather, governments were reluctant to embark on a course that would exacerbate longer-term structural imbalance in the public sector."

Labor

Export value of workers second only to oil

The export value of workers is second only to that of oil in world trade, and worth far more than development assistance to Third World nations, the U.N. Population Fund (UNFPA) 1993 population report released in June reveals.

"Some developing countries are relying on international migration to finance development," the report states. Remittances to home nations were worth \$66 billion in 1989, compared to \$46 billion for development aid. Such labor export, of course, drains the home coun-

try of its most educated and skilled workers, so the net economic effect on the exporting nation is negative.

The UNFPA report also admits that "while the current rate of population growth is important, it is not decisive in determining the rate of international migration." It is the failure of development, especially the "excess of labor supply over available jobs, rising social and therefore political turbulence, and persistent or worsening inequalities between richer and poorer countries," which stimulates migration.

South Africa

'Marshall Plan' sought from Clinton, G-7

A "Marshall Plan" for South Africa has already been placed on the agenda for the July Group of Seven (G-7) summit in Tokyo, the French daily *Libération* reported on June 17.

The paper noted that South African President F. W. de Klerk and African National Congress leader Nelson Mandela will be asking President Clinton to support a "Marshall Plan" program for South Africa when they come to the United States in July. No further details are given on the content of this proposal, however.

Libération reported that De Klerk and Mandela will also be pleading with the International Monetary Fund and World Bank to resume aid flows to South Africa, now that the Commonwealth countries are beginning to end their policy of sanctions toward South Africa.

Industry

'Recession' in France has no end in sight

The recession in France will last for some time, because three years of declining productive investment is taking its toll, a critical report presented by the CNPF, the national association of entrepreneurs, warns.

The report belies the new conservative government's claim that there is an economic

upswing around the corner.

Investments in the productive sectors of the economy have dropped by more than 30% since 1991 (by 9.9% in 1991, 13% in 1992, and at least another 11% this year). Car sales have dropped by 21% in the first four months of 1993, and will drop more—the automobile sector is one of France's key industries. The management of Peugeot announced on June 16 that 12,000 of its 21,000-man work force will take a mandatory "production holiday" of five days in July.

Construction activity was down by 16% over the past four months, which will cost 50,000 construction workers their jobs this year. Since it will take some time to compensate for these losses, the so-called "recession" (i.e., depression) will last for a longer period of time and will be deeper than so far publicly admitted by the administration, the CNPF report warns.

Ukraine

Shock therapy policies attacked by minister

The so-called "shock therapy" economic reforms of the type the West wants to see implemented in Ukraine would provoke social explosions, Ukrainian Foreign Minister Anatoli Slenko warned in an interview in the June 16 Austrian daily *Die Presse*. Only a very cautious policy which doesn't repeat mistakes in the reform process made in other eastern countries will avoid social disruptions, he explained.

Slenko said that the government in Kiev is deeply concerned about the present strike wave in the country, because it shows where reforms that are too rapid can lead. He also said that the government is aware that there is the threat of territorial disintegration of Ukraine, and that it is working hard to prevent that.

Ukraine has been beset with Russian-manipulated strikes, which shut down more than 200 mines and were forcing the shutdown of factories for lack of energy supplies. Most Ukrainian miners called off a 12-day strike on July 19, but said that they would resume their walkout unless elections were called for later in the year.

Briefly

● **INCOME TAX** revenue in the United States in April was \$23 billion, compared to \$38 billion in 1992 and \$46 billion in 1991. "The numbers throw the lie to the present prevailing illusion of a nascent U.S. growth recovery," a continental European economist told *EIR*.

● **LOCUST SWARMS** are gathering in northern Somalia, east of Egypt, and on the Arabian Peninsula, again threatening Africa, the Food and Agricultural Organization in Rome said in mid-June. The plague may spread to Sudan, Eritrea, and even India if there is no intervention now, the FAO warned.

● **FOOD PRICES** in Russia jumped 22% in May over April, and prices for industrial goods rose by 14%, *Agra-Europe* reported in mid-June. Over 100,000 grocery stores in the countryside will have to close down if the government does not support them financially.

● **MITSUBISHI** heavy industries of Japan signed an agreement with the Russian federal industry committee in May to explore cooperative ventures. *Aviation Week* reports that the agreement calls for exchanges of information in hypersonic aircraft engine research, opening Russian research facilities to Japanese manufacturers and researchers, and providing business management training for Russian administrators.

● **SCIENTISTS** in Beijing have built a linear-induction accelerator free-electron laser amplifier, which was put into use on May 26. China thus became the first nation in Asia to produce infrared laser radiation, according to the Chinese News Service.

● **JUNK BONDS**, usually part of risky mergers and acquisitions, are back with a vengeance, the June 17 London *Financial Times* reported. "So far this year \$23.7 billion in new high-yield debt . . . has been issued in the U.S., putting the market on course to smash last year's record-breaking \$38 billion."