

# Business Briefs

## Germany

### Railways will not follow British on privatization

Germany's railways will not follow British rail into the lethal trap of privatization, Deutsche Bahn (national railway) Chairman Heinz Duerr told the Swiss financial daily *Neue Zürcher Zeitung* on June 6. Duerr harshly denounced privatization experts at the Kiel World Economic Institute, one of the think-tanks of the "Conservative Revolution" current in Germany.

The Kiel Institute has criticized Duerr's concept of railway restructuring as "merely formal," and because it does not include an "intra-modal element of competition." Duerr, in turn, charged the Kiel experts with "incompetence," emphasizing that it was never his intention in his reform proposal to create a "capitalist enterprise" or free market-oriented framework for transportation policies. The railway had to fulfill a national-economic function, Duerr said. "It is an exception if transportation policy is organized along methods of the free market."

Automation and the use of modern information technologies would be enhanced by the German railway reforms, Duerr said. He rejected the British-style model of privatization, which will split up British Rail into several entities. He forecast the end of the British railway sector as a whole, should that policy prevail.

## China

### Scientists called upon to be more creative

Chinese State Council member Song Jian, chairman of the Science and Technology Commission, called on Chinese scientists to become more creative, during the National Science and Technology Conference in Beijing on May 26-30, *China Daily* reported. China's policy is to strengthen cooperation in scientific fields, and China can only have equal exchanges and cooperation on the basis of

strong creativity, he said. "China's modernization must mainly rely on our own efforts. . . . [This is the] fundamental support for China's modernization drive."

Technological progress is the only way for China to achieve power and progress, he said. "Overconsumption of natural resources and sacrificing the biological environment can only yield temporary success." High-technology development should focus on renovating traditional industries, developing high-technology products, and upgrading agricultural technologies. Heightened awareness of science and technology, especially among decision-makers, is decisive for modernizing China, Song said. Reforms should focus on establishing an "open, flexible, competitive, and cooperative" research environment.

Vice Prime Minister Li Lanqing said in his speech closing the conference that ministries and local governments must set specific goals and take concrete measures to help the national economy develop through science and technology.

On May 6, the Chinese Communist Party Central Committee and the State Council reached a decision to implement the strategy of invigorating China through science and education. They released a 40-article document on May 21, stating, "Science and technology are the most important productive forces behind economic and social development, and are decisive factors for achieving prosperity in China."

## Nigeria

### IMF policy only offers unrest, official warns

Sam Aluko, chairman of the National Economic Intelligence Committee, a government agency, said that Nigeria will face riots and chaos unless it rejects the economic prescriptions of the International Monetary Fund (IMF) and the World Bank, the Nigerian newspaper *Vanguard* reported on June 7, according to Reuters. Aluko, who was interviewed in *EIR* (see July 29, 1994 issue, p. 34), denounced the financial dictatorship of the IMF in a letter to Finance Minister Anthony Ani and

Central Bank Governor Paul Ogwuma, both of whom are "free-marketeers," according to Reuters.

"My committee members feel we have had enough of IMF-World Bank intervention in our economy," Aluko said. "Unless we put a check to their further intervention, they will not leave us until our people go rioting, looting, vandalizing, or go to communal war with one another."

Aluko blamed Ani and Ogwuma for allowing the naira (the Nigerian currency) to be devalued in January after it was battered by the IMF-World Bank-backed adjustment drive from 1986 on. "In 1995, in one fell swoop, both of you succumbed to and colluded with the IMF-World Bank and pressured this administration into devaluing the naira to 80-82 to \$1. The consequence of that single act is to completely pauperize our citizens and criminalize them and virtually stop any production activity." He said the international agencies have acted more as debt collectors for the West than developers of economies.

Aluko said that in the upcoming period, the two agencies would make more demands on Nigeria such as further devaluation of the naira and an increase in fuel prices, as a precondition for their approval.

## Italy

### Build infrastructure for jobs, leader says

Rocco Buttiglione, secretary general of one of Italy's two Italian Popular Parties (PPI), called for changes in government budget policy in order to promote large-scale infrastructure projects to create jobs, in a commentary in the daily *Avvenire* on June 5.

The PPI split last spring when the majority of its national council voted against Buttiglione and in favor of supporting Romano Prodi, who was backed by speculator George Soros, in the next general elections. Buttiglione's faction, which could keep the symbol of the old Christian Democracy, is tactically allied with the "moderate" parties, Forza Italia (Go Italy!) and National Alliance.

Italy's infrastructure deficit has been cal-

## Briefly

culated to be over \$300 billion, Buttiglione pointed out, yet, "in past years, State expenditures have been cut by hitting, above all, funding for new infrastructure. It is necessary that with the new budget law, such a tendency be inverted and we go back to investing in the future of the country. We need to improve, enlarge, modernize our road network, our patrimony of ports and airports. We must improve and strengthen water and energy distribution networks, and restructure our railways by adding high-speed and high-capacity lines. These are all productive investments that pay back their costs and together improve the efficiency of our economic system and the citizens' quality of life."

Unfortunately, Buttiglione proposes to finance the projects by contributions from the European Union; "private investors," who will be given a concession to exploit the infrastructure they build; and the State. However, the fact that he calls for the State to play even a minor role in financing investments, is a singularity in the general free-market psychosis, and signals an improvement in Buttiglione's understanding of economics. A former close friend of free marketeer Michael Novak and an alleged close friend of the pope, Buttiglione has been exposed by many sources to U.S. economist Lyndon LaRouche's ideas and programs.

### Ghana

#### IMF's model nation in Africa suspends tax

Ghana, the International Monetary Fund's model nation in Africa, suspended an unpopular new sales tax following demonstrations, including one in Accra, the capital, in which five people died, Reuters and the London *Financial Times* reported on June 9.

Finance Minister Kwesi Botchwey told Parliament that the 17.5% value added tax (VAT), introduced in April, would be suspended and replaced with the former sales tax, pending completion of a review. "Matters have reached a point where it is becoming increasingly difficult to enforce the VAT law because staff from the VAT secretariat

are met with hostility wherever they go," he said.

The *Financial Times* acknowledged, "Ghana has endured more than a decade of IMF and World Bank belt-tightening but civil servants and other workers say they have little to show for their sacrifices."

Reuters reported that a May 11 march organized in Accra by the opposition Alliance for Change ended in violence. Five people died in clashes with government supporters who opened fire on protesters. Other protests passed off peacefully. Traders have also opposed the new tax, saying that it was proving bad for business.

### Banking

#### Bankers Trust planning 'trust us' campaign

Bankers Trust New York Corp., the bank that got caught red-handed cheating Gibson Greetings, is planning an advertising blitz to try to rebuild its tattered image. That may be difficult, considering the number of the bank's clients which lost money last year, including Gibson, Procter and Gamble, Air Products and Chemicals, and the State of Wisconsin.

"We have our advertising company looking at a new corporate image campaign," bank spokesman Doug Kidd said on June 5, Associated Press reported. "We're about 50% through that process." The purpose of the campaign, Kidd insisted, is not to counter all the bad publicity the bank received last year, but rather to emphasize "the work we've done for our clients."

The bank was caught lying to Gibson about its derivatives losses, and fined \$10 million by the Securities Exchange Commission and the Commodities Futures Trading Commission. Speaking about Gibson, one Bankers Trust official had told another: "These guys have done some pretty wild stuff. And you know, they probably do not understand it quite as well as they should. I think that they have a pretty good understanding of it, but not perfect. And that's like perfect for us."

● **CAXTON** Corp., a Rothschild-tied New York investment firm, has thrown up its hands and shrunk its assets under management by about two-thirds, returning \$1.3 billion to investors. It had earned profits of about 30% a year during its first 12 years, but ranged from a 1% profit to a 2.3% loss last year, the June 9 *Wall Street Journal* reported.

● **THE WEST VIRGINIA** Supreme Court on June 5 overturned a decision by Kanawha County Circuit Judge Andrew MacQueen, that Morgan Stanley and Co. had violated state laws barring speculation, and sent the case back for a jury trial. The firm was the state's financial adviser when the state lost \$32 million trading U.S. Treasury bonds in 1987.

● **CANADIAN** National railroad is being restructured for sale, Associated Press reported on May 30. The government plans to buy the government-owned railway's real estate assets and CN will try to sell other assets to off-load \$1 billion of its \$2.5 billion in debt. It will then be offered on the international markets.

● **GERMANY** has warned India that it will not import tea, coffee, or other plantation products if they contain traces of DDT. However, there is no alternative to the pesticide for malaria control.

● **CHINA, Russia, Mongolia, North Korea, and South Korea** in early June initialed three documents which set up a consultative commission for development of the Tumen River area and all Northeast Asia. Long Yongtu, assistant minister of China's Ministry of Foreign Trade and Economic Cooperation, said the program was designed to foster the development of a broad trade bloc.

● **FRENCH WHEAT** stocks have reached the lowest levels in memory. When the crop year ends on June 30, France, the most important wheat exporter in the European Union, will have no more than 250,000 tons left, the ONIC cereals board reports.