Business Briefs

Africa

IMF threatens Kenya over power plants

In an escalating pattern of pressure against Kenya, the International Monetary Fund told the Kenyan government on March 23 that if it proceeds with construction of two planned power plants, it will jeopardize its deal with the IMF, the March 25 London *Financial Times* reported. IberAfrica of Spain and Indonesia's Sabah Shipyard have the awards for the plants, one of which will be mounted on a barge.

The IMF is also concerned "about the pace of the privatization program in the country," and the appointment of Nicholas Biwott as a minister to President Daniel Arap Moi, the paper said. Biwott angered the IMF and donor countries when he tried to build a dam in Kenya, in his capacity as finance minister in the 1980s.

Kenya is also under pressure for its resistance to the Ugandan-Rwandan murder of East Africa. Kenya is not permitting Laurent Kabila's rebel forces into the country. Truck convoys from Kabila's operation (targetting the mineral-rich areas in Zaire), attempting to get to the port of Mombasa to pick up supplies, have been turned back by Kenyan authorities, the *Kampala Monitor* reported.

Australia

Mont Pelerin exposed in privatization program

Melbourne's *The Age* newspaper, until recently the Hollinger Corp.'s mouthpiece in Australia, has repeated, with uncharacteristic accuracy, the essential details of the Mont Pelerin Society's Australian think-tanks' orchestration of the privatization and economic reform agenda of Victorian Premier Jeff Kennett. The report bears uncanny similarity to the Citizen Electoral Council's *New Citizen* newspaper of May 1996, which first exposed the story. The CEC is an organization of the co-thinkers of Lyndon LaRouche in Australia.

Without mentioning the Mont Pelerin Society by name, *The Age*'s political editor, Shane Green, reported that Kennett's entire privatization program was planned before his victory in the 1992 election, by two think-tanks: the Tasman Institute and the Institute of Public Affairs, which jointly produced a series of reports known as "Project Victoria," for a business lobby group of the same name. These reports looked at each area of government activity in the state (energy, health, education, taxation, public transport, and so on), and proposed privatization, deregulation, and deep budget cuts across the board.

This is the first time an establishment publication has admitted to the behind-the-scenes role of the Mont Pelerin Society think-tanks in Australian policymaking, and reflects the *New Citizen*'s constant hammering at Mont Pelerin since May 1996 for union-busting, drug legalization, and privatization looting policies, and New Zealand's disastrous economic "revolution."

Ibero-America

London, creditor banks nervous over 'risk'

Bankers at the annual meeting of the Inter-American Development Bank, held in Barcelona, Spain, were all warning against too much "enthusiasm" over Latin America's free-market "reforms," the March 19 London *Financial Times* reported. They will allow for guarded "optimism," they say, but a lot more structural reform is going to have to occur before the looting grounds will be secured.

In particular, bankers worry that, to be competitive, creditor banks are overextending themselves in Ibero-America, offering huge loans at unprofitable fees and interest rates. David Mulford of Crédit Suisse First Boston is quoted, "For a while it may work, but when the markets back up, it becomes a very uncomfortable situation." William Rhodes of Citibank said, "I've never seen such liquidity as I've seen today and I've been around a long time. We have to be careful in this environment that credit standards are maintained."

The *Financial Times* editorialized: "Some [enthusiasm] is warranted, but they should take care. Intense competition means that margins have been cut to the bone. Some banking business in the region cannot be profitable, and an excess of generosity at this stage would neither be good for the lenders themselves, nor for the borrowing countries. This is not to say a disaster is in view," but there could still be "unexpected political or external shocks. . . . Reform is still needed on several fronts, including tax systems, labor markets, improving conditions for savings and investments, and reforming corrupt and bankrupt state institutions. The list is long. . . . Optimism, then, is in order; great enthusiasm is not."

Trade

Iran expands economic activities in Africa

During the recent visit of Iranian Foreign Minister Ali Akbar Velayati to Sudan and Uganda, the theme of Iranian economic cooperation with many African nations was featured in the Iranian press. Among the highlights reported by the March 10-16 newspaper *Ettala'at* are the following:

The Namibian prime minister will visit Teheran soon, the Iranian ambassador in Windhoek, Ahmad Almolhoda, said in an interview with the *Teheran Times.* He cited Namibia's request for Iranian help in fighting drugs, as well as the planned establishment of a Teheran-Windhoek air link, as indicative of improving ties. Almolhoda also said Iran wanted to cooperate with Angola in the oil, gas, machinery, and mineral industries.

Iran's President Ali Akbar Hashemi Rafsanjani, on receiving the Guinean minister of roads and telecommunications on March 11 in Teheran, underlined Iran's eagerness to expand cooperation in Africa, citing an Iranian-Guinean bauxite mine project as an example.

In meetings on March 12 with Speaker of the Sudanese National Assembly Dr. Hassan al-Turabi, and with Sudanese President Gen. Omar al-Bashir, Velayati stressed ties among Islamic countries, and pointed to the upcoming Organization of Islamic Cooperation summit, scheduled for December in Teheran, as an important occasion on which cooperation can be enhanced.

The Iranian ambassador to Libreville, Gabon, Ahmad Sobhani, told the *Teheran Times* that Iran, which already imports manganese and wood from Gabon, might cooperate with Gabon in oil exploitation. Sobhani criticized the Western press for the false image it projects of Africa, and said the mass media could do a lot to educate people about Africa.

Economic Policy

Pope John Paul attacks free-market economy

"It is false that after the collapse of collectivism there is only the free market," Pope John Paul II told 4,000 young people gathered for the "Univ '97" Congress in Rome on March 25. "The thesis according to which, after the collapse of the myth of collectivism, there would be nothing to do but follow the free market . . . in reality, shows ever more its limits, because it opens the door to a 'savage' economy, which brings with it marginalization, unemployment, even when unaccompanied by intolerance and racism."

Instead of resigning onself to the free market, "it is necessary to undertake new roads, inspired by solid moral premises," the pope said. These premises include the "dignity of the individual person," and "the culture of solidarity." "The social doctrine of the church," he said, "teaches that we must always lay the foundation of political praxis, of juridical thought, of economic programs, of social theories, upon the dignity of the individual person."

The pope said that "human beings live and develop in interaction with others," and because of this, "the patrimony which is due to [an individual] from his membership in a group, on the basis of birth, of culture, of language, must become a factor for encounter, not for exclusion. . . . The Church contests the pretenses of capitalism, proclaiming the principle of the priority of labor with respect to capital."

The pope's speech was attacked by free marketeer Giorgio La Malfa, who said, "We had hoped that the Catholic Church might have renounced its anathemas against free enterprise. We see instead with displeasure, that John Paul II has expressed judgments in a way that is, frankly, unacceptable."

The secretary of the biggest Italian trade union confederation, CGIL, Sergio Cofferati, on the other hand, said that the pope had expressed "a legitimate preoccupation, which confirms the pope's great sensibility on the themes of the economy and labor. One cannot but be in agreement. It is fundamental that the market . . . must have definite rules."

Petroleum

Russia in big oil deals with Iraq

Russian Fuel and Energy Minister Pyotr Rodionov was in Baghdad, Iraq in March, pursuing Foreign Minister Yevgeni Primakov's policy for the active development of relations with Eurasian partners such as China, India, Iran, and Iraq. Among the agreements reached by Rodionov, at a session of the Russian-Iraqi Commission on Economic Cooperation, were Russia's purchase of Iraqi oil, for which purpose Iraq granted Russia most favored nation trade status, in exchange for selling wheat, sugar, and spare parts for power plants, and a 23-year deal to develop 7-8 billion barrels of oil reserves in the west Qurana field, in southern Iraq.

In the Qurana deal, the Russian firm LUKoil has a 52% share, the Iraqi government 25%, and two other Russian firms the rest. LUKoil chairman Vagit Alekperov stressed on March 25 that all the deals are allowed under UN sanctions. In Moscow, Rodionov said that Russia had "missed our chances in the Caspian" offshore oil deals with Azerbaijan, but is "ready to look at any projects in Iraq that are commercially viable and open."

In late March, Andrei Vdovin, of the Russian Foreign Ministry's Middle East department, headed for Kuwait and other Persian Gulf nations. British news outlets are playing up Kuwaiti disgruntlement with the Russia-Iraq deals, but Moscow is aiming, with vigorous diplomacy, to keep relations going with the Persian Gulf states, too; the latter have become significant customers for Russian arms.

Briefly

RUSSIAN writer Aleksandr Solzhenitsyn attacked "the idiotic diktat of the International Monetary Fund," in a Russian TV interview, the March 26 London *Financial Times* reported. Russia's education system, science, and culture are all being destroyed, he said. "They are falling apart in front of our eyes. In a few more years, we will have turned into a second-rate African power."

THAILAND'S unions have threatened strikes unless the planned privatization of the Electricity Generating Authority of Thailand is dropped by April 18, the March 18 *Asia Times* reported. The IMF-imposed plans would raise electricity prices by up to 45%, and lead to layoffs of nearly half of its 33,900 workforce.

AUSTRALIAN Prime Minister John Howard led a delegation of 18 businessmen to China in March. All are members of the Mont Pelerin Society, or its fronts, including: Charles Goode, chairman of the ANZ Banking Group; Maurice Newman, of the Australian Stock Exchange; Hugh Morgan of Western Mining, and Lachlan Murdoch of News Ltd.

ESTONIA'S Foreign Minister Toomas Hendrik Ilves championed privatization, in Washington on March 28. "We are well advanced in the process of privatization," he said. "We are in the process of selling a large part of our energy system."

ITALY'S government's policies were the target of a protest by 300,000 people in Rome on March 22, organized by the trade unions. Union leaders called for effective measures against unemployment.

HUNGARIAN farmers are stepping up protests against tax increases, to draw attention to their "untenable position," Hungarian media reported on March 23. The farmers' union, Metesz, has attacked the government's agricultural program as "a ruthlessly exploitative economic policy pursued by the anti-national liberal-Bolshevik government."