

Business Briefs

Africa

Mugabe: World Bank is the new oppressor

Robert Mugabe, head of the Organization of African Unity, and President of Zimbabwe, denounced the World Bank and affiliated institutions for what is happening in Indonesia, during a visit to Libya. He singled out "institutions such as the World Bank" as the new oppressors, the South African Press Agency reported on May 13.

"African countries are going through a hard political test. After getting rid of colonialism, they suffer from the new imperialism of those who seek to humiliate us," Mugabe said. "These institutions don't worry about the price increases that their requests cause and problems that they pose for the poor. But the governments concerned don't have any choice, because they need the credits granted by these institutions. The result is what happened in Indonesia and other countries, as well as in mine. The people take to the streets because they can't stand the inflation." He added, "People who supported the government yesterday now turn against it." Zimbabwe has an official unemployment rate of 50%.

Finance

Poland on the verge of 'Asian'-style crisis

During meetings with representatives of the Schiller Institute in April-May in Poland, many financial experts and economists expressed concern over the flow of speculative capital into Poland, which has escalated during recent months.

The influx of speculative capital is reflected in the changing exchange rate between the dollar and the zloty, Poland's currency: Due to a high demand for the zloty, resulting from interest rates of more than 20%, the price of the dollar has been steadily dropping. Witold Rutkowski, an expert working with the Sejm (Parliament), confirmed that high interest rates in Poland en-

courage speculators to "invest" in the zloty and make significant profit on interest rates, which puts a heavy burden on the Polish budget. The National Bank of Poland faces a difficult dilemma: If it lowers interest rates, the speculators will withdraw their money almost immediately and trigger a crash. But, keeping interest rates high will dry out Polish coffers and result in a crash or social unrest, if the government tries to cover financial demands by cutting spending even further.

The situation is so serious that even the International Monetary Fund delegation, which was in Poland on May 8-9, warned the government against following the Czech example and advised Warsaw to lower interest rates. However, the IMF also demanded that the government freeze wage hikes in state enterprises, blaming wages for inflation and high interest rates. No one is able to estimate the amount of speculative capital in the Polish market, but not much is necessary to trigger a catastrophe, given that Polish foreign reserves are only a little more than \$20 billion.

Central Asia

ECO summit seeks increased cooperation

The fifth summit of the Economic Cooperation Organization (ECO) took place in Almaty, Kazakstan, on May 11, Iranian news agencies reported. The final declaration of the summit contained a commitment to continue to improve living standards, and stressed the importance of the organization's role on the threshold of the 21st century. It urged member states to establish ECO institutions, including an ECO airlines, a cultural and educational research center, and shipping lines, which are to be expanded. The declaration called for increased industrial and agricultural cooperation, and welcomed an accord on common efforts against drug trafficking and addiction.

The one-day conference of heads of state was opened by Kazak President Nursultan Nazarbayev, the current rotating chairman.

Among the bilateral meetings held during the summit, were those between Iranian

President Khatami, and his counterparts from Kyrgyzstan, Turkey, Kazakstan, Turkmenistan, Afghanistan, and the Prime Minister of Pakistan. Azeri President Heidar Aliyev met with Turkish President Suleyman Demirel; it is assumed that the controversy around developing the oil and other resources in the Caspian Sea was discussed.

Khatami told summit participants that the common history and culture of the Indo-European peoples of the region, going back 3,000-3,500 years, should be considered when political and economic decisions are made. He added that Islam had exercised a powerful and positive influence on the culture of Central Asia, and highlighted the peaceful coexistence among Christians, Buddhists, Zoroastrians, and Muslims, whether Ismailis, Sunnis, or Shiites.

In a bilateral meeting with Pakistani Prime Minister Nawaz Sharif, Khatami emphasized the need for the two governments to cooperate to prevent sectarian violence between Sunnis and Shiites in Pakistan. He attributed the frequent violent clashes to "vicious plots of enemies to instigate discord" between Islamabad and Tehran. He suggested that "religious scholars and intellectuals should take the lead" in sorting out differences.

Italy

Lack of investment worsens catastrophe

It is estimated that about 300 people died when, on May 6, following heavy rains, a mountainous mudslide devastated the town of Sarno and many other villages near Salerno, south of Naples, in the Campania region of Italy. Sarno has been virtually wiped out, with hundred of houses, buildings, schools, and the hospital totally destroyed.

What is discussed in the media as a "natural catastrophe," is, in reality, the result of years of budget cuts, exacerbated, more recently, by attempts to meet the budget deficit criterion mandated by the Maastricht Treaty for the European Monetary Union. Investments in and the maintenance of infrastructure have for years been close to zero. And, what little money has been allocated, has not

CHINA'S senior leaders attended a lecture on financial security in Beijing on May 12, the seventh such lecture. Prof. Cao Jianming spoke on economic and state security, prevention of financial crises in various countries, and "hidden" domestic financial dangers. President Jiang Zemin, Prime Minister Zhu Rongji, National People's Congress head Li Peng, and China's Vice Premiers attended.

UNIVERSITY students should study the latest crisis in Asia, so that they will "be prepared to carry out the necessary economic reforms to ward off future threats" from speculators, Malaysian Finance Minister Anwar Ibrahim told the *Straits Times* on May 16. The discrediting of conventional theories, he said, have made many courses obsolete.

THE MALAYSIAN oil firm Petronas will invest \$600 million to drill for oil in Sudan, and is expected to begin extracting up to 250,000 barrels for export by June 1999.

SIMON & SCHUSTER, the U.S. publisher owned by Viacom, was the target of two takeover bids, won on May 18 by Pearson, a British firm which owns the *Financial Times*, which offered \$4 billion. Rupert Murdoch's News Corp. had also made a \$4 billion bid, in partnership with Michael Milken. Pearson's takeover will make it the largest educational publisher in the United States.

SOUTH KOREA was hit by new major bankruptcy on May 12. The Keo Pyung Group, the 28th-largest conglomerate, said that it will close down or sell several of its units, including its construction and trading arms, after defaulting on debt payments of 1.3 billion won.

AIDS INFECTIONS in eastern Europe have increased sixfold compared to 1994, the German daily *Die Welt* reported on April 23. In Ukraine, for example, in 1994, only 44 people tested HIV-positive; in 1997, some 15,000 tested positive.

been used. In 1989, for example, the budget plan earmarked about \$1.2 billion for maintenance over three years. But, it took seven years, until 1996, to make use of the funds.

According to studies by government ministries, \$35-40 billion is needed to get national infrastructure back in shape. It has also been calculated that in the past 50 years, Italy has suffered more than \$100 billion in losses as the result of "natural catastrophes."

An Italian expert in infrastructure, who for many years worked with the Cassa del Mezzogiorno, the only savings institution which had been directly involved in protecting southern Italy from such ravages, denounced the years of misdeeds by politicians. He indicated that because of Maastricht, the government has repeatedly postponed investment in infrastructure, including delivering funds allocated to regional and local institutions. A \$30 million allocation approved for the Campania region, for example, never got there. In 1972, he pointed out, most of the responsibility for such work was transferred from the national government to the regions. A law which should have regulated national-regional coordination has not functioned. And, in 1983, the Cassa del Mezzogiorno was dissolved.

Currently, the political parties are bickering over who is responsible for the misdeeds, and the government ministries are tied up in bureaucratic infighting. But, what is needed, is an emergency national program of infrastructure investment, as proposed by Lyndon LaRouche and his co-thinkers, the Italian Solidarity Movement.

Mining

Anglo American teams up with Barrick Gold

Anglo-Gold, and its parent company Anglo American Corp., confirmed on May 13 that they have entered into a joint venture to develop the African gold prospects of Barrick Gold Corp., the South African daily *Business Day* reported. Former U.S. President Sir George Bush serves on the honorary international advisory board of Barrick, which is based in Toronto.

The properties are located in Mali, Senegal, and the Democratic Republic of Congo,

where Laurent Kabila's genocidal takeover was underwritten by British-run mining firms. Under the terms of the deal, Anglo-Gold earns 50% of Barrick's Africa mineral properties, by spending up to \$15.6 million in exploration. Based on a similar agreement, Anglo American will acquire a 50% interest in Barrick's mining property in Niger. The agreement establishes Anglo-Gold as the manager of the joint-venture properties in Congo, Mali, and Senegal. Anglo American will be the manager of the property in Niger.

Nuclear Energy

Harrison: Boost civilian exports to India

Selig Harrison, a South Asian expert at the Woodrow Wilson Center in Washington, D.C., has put forward a sane alternative to the condemnations of India for its nuclear tests dominating the U.S. and European press. The United States should build nuclear reactors in India, he wrote in the May 17 *Washington Post*.

"Indian leaders have made clear that they are ready to end testing and cut off stockpiling of plutonium for nuclear weapons, if the Clinton administration will end sanctions and give India, as it has given China, access to U.S. civilian nuclear technology to help satisfy the burgeoning energy demands of an exploding population, now nearing 1 billion," Harrison said. "The U.S. benefits politically and economically from a compromise with India that would open up the transfer of civilian nuclear technology to India. . . . Apart from improving relations with a rising power, the U.S. would acquire significant influence in one of the most sensitive sectors of the Indian economy. . . . It is also in America's interest to facilitate a diversification of energy sources in India and China alike, curbing a reliance on petroleum imports that will increasingly deplete world supplies and drive prices up. Moreover, the U.S. nuclear industry needs foreign contracts to keep its technical workforce intact and survive in the face of competition."