

Business Briefs

Labor

South Africa Unions Attack Privatization

A two-day national strike against privatization policies was carried out by South African Trade Unions (COSATU) on Aug. 29 and 30. The federation is demanding a halt to all privatization of basic services and national infrastructure, because it damages the state companies, provincial enterprises, local government, and the public interest as a whole. Unemployment in the country is estimated at more than 30%, and COSATU charges that 200,000 jobs have been lost since 1994 because of privatizations, in addition to the rise in the cost of basic services to free market rates, making them inaccessible to poor people.

COSATU organizers report that the first day of the strike, in which they had projected 4 million people would be involved, was a success, with most cities, including Johannesburg, Pretoria, Durban, and Nelspruit, turned into ghost towns as transportation shut down, students did not report to school, and so on. It is the biggest industrial action in over a year by COSATU, and it began as international delegates arrived for the UN conference on racism in Durban.

The government plans to raise 18 billion rand through privatizations this year (triple last year's amount), and to restructure power and transport utilities.

Infrastructure

Italy Plans Investments To 'Avoid Recession'

Italian Prime Minister Silvio Berlusconi briefed journalists on the government's intention to accelerate programs for infrastructure investment, Italian media reported on Aug. 27. The government priority will be "a large water plan" for the Mezzogiorno (the south), including regulating the most important rivers. Vice Minister for Infrastructure Guido Viceconte proposes that "the problem of water shortage in the south is our priority for the next months."

The daily *Corriere della Sera* paraphrased government ministers: "The message is clear: We want to keep Italy safe from the winds of recession and also start the economy through large public works." Priorities will include housing, the enlargement of the Salerno-Reggio Calabria highway, and the Messina Bridge.

Before the holiday recess, the government had gotten Parliament to approve a bill simplifying procedures for "public works of national interest." According to the law, each year the government lists in the budget those infrastructure projects of "national interest" which enjoy a "preferential tier," bypassing bureaucratic and environmental controls. Subsequently, the government approved projects for a new route for the mountainous part of the Bologna-Florence highway, a new east-west highway around Venice-Mestre, and the Brescia-Milan highway.

Education

British School System In Crisis, Despite Poaching

The Voluntary Service Overseas (VSO) charges that U.K. schools, which recruit teachers from overseas in a desperate bid to fill vacancies, are "sucking vital resources" from the world's poorest children. U.K. schools have accepted at least 1,000 teachers from developing countries in the last 12 months. The VSO's chief executive told BBC, "The morality of looting teachers from developing countries is being lost in the fervor to fill our own classrooms. . . . Try telling one of the 40 million Indian children who have no access to education, that British children are more deserving of an Indian teacher's skills." Third World countries often have only one teacher per 100 children—if there are schools at all.

The background is Britain's desperate shortage of teachers. According to the U.K. Office for Standards in Education, 40% of teachers quit "before completing three years in the classroom, because their salaries offered them little hope of getting on the property ladder." In spite of the recruitment, there are 5,000 vacancies in British schools, up 25% from last year.

Worse, according to a study by the *Times Educational Supplement* and the Secondary Heads Association, secondary school heads reported they were "unhappy with 1,372 of the 7,127 appointments they made." Because of the teacher shortage, "we are appointing staff who, in a perfect world, we would not touch with a barge pole," one school head reported. Many of the teachers are unqualified, are teaching subjects not their own, or are overseas staff unfamiliar with the U.K.'s education system, the study concluded.

Electricity

Deregulation Not Working, Says Consumer Group

The Consumer Federation of America released its report card on electricity deregulation on Aug. 30, compiled by its Director of Research, Dr. Mark Cooper, and said that deregulation has not, and cannot work. But, unlike the LaRouche in 2004 Presidential campaign, it doesn't offer a way to reverse the crisis.

The report points out that the electricity industry is unique, and if deregulated, will always be vulnerable to the exercise of market power and manipulation. Detailed analysis, the report states, shows that overcharges of 25% or more are seen in every market. Claims of efficiency gains and price reductions of 40% or more "seem silly, in retrospect." The "inefficiencies introduced into what had been a reasonably well-managed network have increased overall costs by over 10%," it reports. Deregulated prices will never be lower, it asserts, because of the chaos that introduces. There is no mandate to serve, no responsibility to maintain enough capacity for reserve margins, and no protection for consumers.

In a section titled "The Poster Child Stumbles," the report states that before restructuring, residential rates in Pennsylvania were about the tenth highest in the United States. Now they are eleventh. Half of the state's customers who had switched suppliers have returned to their incumbent utility, and most new suppliers have exited the market, when they found they couldn't make

money. "Competition has suffered a dramatic reversal in Pennsylvania," the report states.

But, after detailing the failure of deregulation, and why competition can only be detrimental to electricity service, the report states that "we see no prospect that policymakers will address underlying problems in electricity markets in the near future," and recommends only stop-gap measures. It recommends that states that have not restructured not do so. Others states that have started should slow down or stop. Other than that, the Federal government and law enforcement agencies should "ensure competitive interstate wholesale markets," and try to ameliorate market manipulation, the report concludes.

Colombia

The Economy Is In a Nosedive

As Colombian President Andrés Pastrana enters his last year in office, it is clear that he will finish his term without delivering on either his promise to negotiate peace with the narco-terrorists or to revive the flagging economy. Latest figures from government sources cited by the daily *El Espectador* reveal economic devastation.

During the past four years, per-capita income in Colombia plunged 43% and GNP dropped from \$100 billion to \$80 billion, while the population rose from 38 to 42 million. Savings rates are the lowest in Ibero-America, private investment is declining, real estate prices fell 40%, oil revenues fell 20%, school drop-out rates soared to 40%, and unemployment is officially near 20% in the cities, and rapidly rising. Economic growth estimates have been revised downward twice by the Finance Ministry, with a 1.6% annual growth rate predicted at the close of the first half of 2001, as compared to earlier projections of 3.8%. Colombian businesses are withdrawing their pledges to the government to hire more workers, calling those pledges "irresponsible" in the face of the worsening economy.

Those same businesses, under the umbrella Colombian Business Council, recently sponsored simultaneous ceremonies

to honor the nation's Armed Forces in 25 Colombian cities, at which they demanded a substantial budget hike for the military's war against narco-terrorism. When Colombian Armed Forces Commander General Tapias endorsed the businessmen's demand at the Bogotá ceremony, Finance Minister Juan Manuel Santos responded that he would have to ask the International Monetary Fund's permission, because the Fund oversees allocation of the national budget!

Africa

India, China, Malaysia Boost Economic Ties

In addition to several recent deals between Asian and African nations, a new "mind-set" has taken hold, one committed to collaboration in many ways, according to the Malaysian newspaper *New Straits Times Press International*. One area of collaboration is overhauling education, according to Malawi President Dr. Bakili Mulizu. Author Hardev Kaur describes this as "African lions embracing Asian tigers."

Kaur reports on the recent meeting in Kuala Lumpur of the Asia Africa Business Forum II (AABF), the most recent in nearly a decade of Malaysia's efforts to foster business links with Sub-Saharan Africa. Those links have sparked further interest by China and India to extend ties to the great continent. The AABF meeting generated deals worth \$20 million, and saw 104 memorandums of understanding signed worth \$74.5 million, of which 22 were intra-Africa deals.

World Bank representative Dr. Ken Kwaku told the Global 2001 dialogue in Uganda in late August, which Malaysian Prime Minister Dr. Mahathir bin Mohamad attended, that the Indian EXIM bank has extended credit lines to several African states and recently extended the first "rupee line" to Namibia. China's total trade with Africa in 1999 was nearly \$7 billion. By mid-2000, nearly 480 Chinese firms operated in 47 African countries, with total capital investment of \$530 million. The Bank of China has offices in Zambia and Johannesburg, and eight major Chinese banks are now in South Africa.

CHINA could have 10 million people infected by HIV by 2010, if preventive measures were not adopted now, Prof. Zeng Yi, president of the Beijing-based Chinese Foundation for Prevention of STD and AIDS, and the mainland's leading expert on the disease, told a Hong Kong AIDS conference on Aug. 27.

LONDON'S economy is collapsing faster than the rest of the United Kingdom, primarily because of the financial sector, according to the Centre for Economics and Business Research. The City will lose 144,000 jobs by the end of 2002, it predicts. Growth this year will fall to 1.8% from 5.7% in 2000.

JAPAN'S pledged "Big Bang" write-off of bad bank loans, under International Monetary Fund pressure, has been extended from two years to seven. Japan took this step in the face of 5% unemployment (actually about 10%, according to *EIR* calculations). The Financial Service Agency also rejected an IMF request for an IMF team to assess Japan's financial situation.

CANADA'S growth collapsed to 0.1% for the second quarter, the lowest since 1995. Consumer spending and housing slowed down, while exports fell. Forecasters had expected the growth rate to come in at 1.3%.

UNEMPLOYMENT hit a nine-year record high in the United States, at 3.17 million, in the week ended Aug. 18, the U.S. Department of Labor reported. And this, with the Department dropping those people who have ostensibly "ceased looking for work."

INDIA'S central bank, the Reserve Bank of India, in a recent report, confirmed that economic performance was worse than last year, when the economy grew 5.2%. Manufacturing and the power sectors are hard hit, and capital goods production declined. The growth in output of raw materials and intermediate goods slowed down significantly.