

Business Briefs

Industry

Privatizations threaten British electrical grid

An inquiry is currently under way into a July 19 incident in which the British electrical grid came close to shutting down, the Oct. 5 London *Guardian* reported. The incident underscores the damage that has resulted from the policy of privatization of State-owned industry.

In the incident, officials of the State-owned National Grid Company were forced to reduce voltage and were a short step away from cutting off power, technically referred to as shedding load. The company owns and operates Britain's power transmission lines, and is supposed to "keep the lights on," and to do so in the most economical way.

But it no longer owns or controls any of the electric generating capacity upon which it relies. Since the 1991 sale of generating companies in England and Wales, power plants have been built only by private companies.

An official of the Canadian Nuclear Association who monitors the British situation, told *EIR* on Oct. 6 that what is being shut down is coal-burning capacity which has become "uneconomical" because of the high price of British coal. It is cheaper to import coal than mine it in Britain, he said, but in order to avoid completely shutting down British mines, the electric companies are required to purchase a certain percentage of their fuel domestically. This has driven up the cost, making these plants "uncompetitive."

Hungary

Labor minister resigns over social policy

Labor Minister Magda Kosa-Kovacs, a member of the Socialist Party, resigned from the Hungarian cabinet because of differences over the government's social welfare policy, Hungarian newspapers reported on Oct. 7. She is the fifth member of the Socialist-Liberal coalition to step down in the last 15 months. Socialist ministers have been increasingly critical of the cabinet since a package of austerity mea-

asures was imposed under pressure from the International Monetary Fund last March.

In the latest dispute, the Finance Ministry wanted to extend the period for which employers must pay employees' sick leave from the current 10 days, to 25 days, which the Constitutional Court declared unconstitutional.

The resignation has triggered widespread speculation that a major reshuffling of the cabinet is imminent. Justice Minister Pal Vastagh, who is also a member of the Socialist Party, threatened to quit if the sick leave plan were put through.

Russia

Nationalization of energy sector demanded

Several regional legislative bodies have launched a campaign demanding the nationalization of Russia's energy and fuel sector, according to the Petroleum Information Agency and parliamentary committee sources, Russian news agencies reported on Oct. 4.

Earlier this year, the Smolensk regional parliament approved a resolution that blamed Russia's economic crisis on the sector's rapid privatization. The resolution was supported by Federation Council Deputy Aman Tuleyev, who is also chairman of the Kemerovo regional Duma (parliament), as well as several local parliaments. According to Interfax, sources said the new movement may gain widespread support from both regional legislators and government officials in the forthcoming elections.

Trade

India, Russia meet amid trade resurgence

The second meeting of the Indo-Russian Joint Commission opened on Oct. 10. In 1994-95, trade between the two nations nearly doubled, the Indian *Business Standard* reported on Oct. 6. The commission is expected to resolve the problems of 800 companies which have had their money stuck in Russia after the disintegration of the Soviet Union in 1991.

The high-powered Russian delegation is led by deputy Prime Minister Yuri Yarov, and includes Deputy Minister of Foreign Economic Relations Mikhail Fradkov, First Deputy Minister of Economy Urinson, Minister of Construction Efim Vasin; Culture Minister Yevgeny Sidorov, and Foreign Secretary Albert Chernyshev.

Meanwhile, two branches of Indian banks are to open shortly in Russia to overcome a banking infrastructure impediment to further growth of bilateral trade, India's Minister of State for Commerce P. Chidambaram announced at an Indo-Russian business meeting in late September, the *Hindu* reported on Sept. 23. The State Bank of India, with the Exim Bank and the Minerals and Metals Trading Corp. of India, will open in Russia, along with the Canara Bank.

Banking

Economist says Germany is 'over-industrialized'

Germany is "over-industrialized," Deutsche Bank chief economist Norbert Walter said on Oct. 5 in Frankfurt, at a forum on industrial insurance services. The comment reflects the increasing insanity, and abandonment of industrial banking, as British financial interests increase their hold on the bank.

Looking 20 years into the future, Walter projected that more and more jobs in Germany will become obsolete. Thanks to new developments in information technology, he said, Germany will probably no longer need any banks for payment transactions. In the future, he suggested, the job will perhaps be done by retail chains, computer nets, or the Telekom. Many jobs in the financial services sector will be eliminated.

But industrial jobs in Germany will also further decline, Walter said. The industrial share of the German net product is still 25% today, but has to be cut down to 20%, in order to reach "international standards." Germany has entered the 1990s "over-industrialized," he said, a "problem" that is being solved with the rise in value of the mark and the shift of industrial jobs abroad.

Economic Theory

LaRouche published in Armenian language

An Armenian edition of Lyndon LaRouche's book *So, You Wish to Learn All About Economics?* was published at the end of September, in Yerevan, the capital of Armenia. The publisher is the Union for Constitutional Rights (UCR), whose leader Hrant Khachatrian wrote an introduction to this edition.

UCR activists report receiving many phone inquiries about the volume, since it came off the press. Students at the second largest university in Armenia immediately ordered 100 copies.

The Armenian edition becomes the third translation of this book into the languages of the former Soviet Union, following Russian and Ukrainian editions. In Moscow, where it is widely known as the basic text in "physical economy," the book has been used in classes at two universities. A Polish edition has also recently appeared.

Mining

RTZ takeover will make it world's largest

RTZ will take over CRA Limited, an Australia-based resources giant with assets of \$9 billion, to form the world's largest mining company, the *Australian Financial Review* reported on Oct. 10. The RTZ-CRA combination will be worth nearly \$22 billion in assets. The merger will accelerate the movement of funds controlled by the British monarchy-led oligarchy into hard commodities, as the ongoing worldwide financial collapse deepens.

CRA owns 60% of the world's largest diamond deposit, the Argyle diamond mine, in Northwestern Australia, and according to CRA's press release, it is "a major world producer of iron ore, aluminum, and internationally traded coal."

The takeover is the first of its kind in Australia. RTZ and CRA will still be listed on their respective stock exchanges as separate companies, but they will be governed by RTZ's chairman Sir Derek Birkin in London. CRA's chair-

man, John Uhrig, recipient of the queen's Order of Australia and previously chairman of Australia's largest bank, Westpac, will become Birkin's deputy. When asked about the unusual "dual-listing" procedure, Uhrig pointed to a "similar structure between Royal Dutch Shell and Unilever." The real reason for the "dual listing" was so that CRA could avoid "being hit by capital gains tax for any changes in asset ownership."

Ukraine

Marchuk puts brakes on privatization

Ukrainian Prime Minister Evhen Marchuk put the brakes on rampant privatization, in the government economic program presented to the parliament on Oct. 11. "Privatization cannot be an end in itself," he said, the London *Financial Times* reported. His program is still an attempt at compromise between a correct policy and continuing to fulfill the ruinous demands imposed by the International Monetary Fund.

Marchuk declared that the "growth in industrial production," not monetarist criteria, will become the "litmus test" for economic growth. He called for the State, together with banks, to invest in "strategic" State-owned enterprises, especially in the high-tech sector, and for a policy of higher import duties to protect domestic industry. Marchuk said that "by the end of next year, Ukraine will have a mixed economy." Otherwise, without giving any details, he promised to end State subsidies and what he called the "paternalistic role of the State."

Marchuk also declared that Ukraine would adhere to the financial conditions imposed on it. Ukraine desperately needs western credits to pay for winter energy imports, mostly from Russia. Ukraine's "autonomous" means to pay for oil and gas, via grain and sugar exports to Russia, have evaporated in the wake of this year's poor grain harvest and disastrous sugar beet harvest. Marchuk pledged that the budget would not increase, i.e., be kept at its present austerity level, and that Ukraine will "meet the target" of 2% monthly inflation by the end of the year. He ruled out any wage or pension increases and any introduction of the new currency, the *hryvna*, this year.

Briefly

● **SPAIN AND FRANCE** signed an agreement in Madrid on Oct. 10, to build a railway tunnel through the Pyrenees Mountains. It will be designed for a TGV high-speed rail line from Barcelona to Montpellier, and is to be completed by the year 2004.

● **CANADA** will help China build a new nuclear reactor in Guangdong, the Hongkong newspaper *Ta Kung Pao* reported on Sept. 8. The 300,000 kilowatt plant will cost \$20 billion, with Canada's British Columbia International Power Corp. the largest investor.

● **SCIENTISTS** from the Central Rice Research Institute in the Philippines have achieved a major breakthrough in rainfed dryland rice-farming, with a record yield of nearly five tons per hectare, the Indian *Statesman* reported on Sept. 22. The project was conducted in India by the CRRI in collaboration with the Indian Farmers Fertilizer Co-operative Limited.

● **A TRADE FAIR** was hosted in Lianyungang, in China's Jiangsu Province, on Sept. 12-16. The city is the eastern terminal of the Eurasian "land-bridge" rail line connecting Rotterdam to the Pacific, and has become the loading point for rail shipments to Europe from 10 nations including Korea and Japan.

● **THE INDIAN** state of Orissa has concluded 17 memoranda of understanding with Israel for expanding the state's agriculture and agro-based industry, the *Asian Age* reported. Israeli experts will consult on water management, aid in high-quality cotton development, and identify areas for agriculture and agro-industry using Israeli technology. The Orissa government will also send farmers to Israel for training.

● **EGYPT** has become South Africa's second largest North African trade partner, and the partnership appears to be increasingly focused toward industrial development, the *Cape Times* reported on Sept. 27.