

# Business Briefs

## Health

### Draconian cuts are proposed in Britain

A half-million people in London alone will be denied proper medical care, if proposed cuts in Great Britain's National Health Service go through, warned Dr. Nigel Sewell, chief executive of an "NHS Trust" in Sutton, England, on Nov. 10, the *Daily Telegraph* reported. These people would "suffer disabling pain and discomfort, while some may even die waiting for treatment. This is not what people expect from their National Health Service," Sewell said.

Should the cuts go through, patients needing what is called "non-urgent surgery" would "have to pay privately," or find an area in the U.K. "where the local health authority is still funding these operations," he said. It were only right, to inform patients what the cuts would mean, he added.

He was joined by local general practitioners, who announced that they were writing to all their patients, asking them to complain to their parliamentarians about the situation. Former (Labour) Junior Health Minister Dr. John Dunwoody said that patients must be told "what is going on." He said proposed cuts in some categories of non-urgent surgery were up to almost 80%.

## Telecommunications

### Rothschild to privatize Russian, other systems

In the largest planned privatization of Russian state-owned properties to date, the government has announced that it will follow a plan, devised by N.M. Rothschild investment bank, to privatize the country's two state telecommunication companies: Rostelecomm, the state giant, and Svyazinvest, the embryonic second carrier which was developed to stimulate competition, the London *Financial Times* reported on Nov. 7 and 15.

The Russian government owns 51% of Rostelecomm and 100% of Svyazinvest. It will first merge the two Russian companies,

creating a new entity worth at least \$4 billion. It will then sell 25% of the merged entity, for \$1 billion.

The international Rothschild network (including N.M. Rothschild, in London; St. James Place Capital of Lord Jacob Rothschild, in London; Rothschild et Cie Banque, in Paris; and Banque Privée Edmond de Rothschild, in Geneva) is orchestrating many privatizations and mergers in the telecommunications industry, which will strengthen the Club of the Isles' ownership and control over strategic choke points in the world's telecommunications systems.

N.M. Rothschild is advising Deutsche Telekom, the German state-owned telecommunications system and the third largest in the world, in its privatization in late November. N.M. Rothschild is also advising British Telecom (Rothschild supervised its privatization in 1991) in its proposed \$20.6 billion takeover of the U.S. firm MCI Corp. The *Financial Times* reported, "Rothschild [has won] telecomms privatization assignments as diverse as Cuba, Moldova, Greece, Hungary, and the Ivory Coast." It is also active in Asia.

## Nigeria

### Don't privatize oil, commentator warns

The announcement by Nigerian Finance Minister Chief Anthony Ani that Nigeria may privatize its interest in the oil industry, was attacked in a commentary on Kaduna Radio Nigeria Nov. 7. Such a step "contradicts the known economic policies of the Abacha regime," it said.

The Abacha regime has been seeking to revive the economy, and put in motion the liquefied natural gas program and the Ajao-kuta steel factory, and is increasing the oil reserve. But, privatizing the most strategic sector of the economy and the only major foreign exchange earner, will reverse these remarkable achievements.

"What else remains of the national economy," the commentator asked, "when oil is taken out of our control and handed over to foreign interests, most of whom have no appreciation for our concerns? Colonizing the

oil industry in the manner so suggested is compromising our sovereignty and economic prosperity. . . . The most serious danger is that after the exercise, we will not be earning more from crude oil production except in terms of taxes and royalties, thereby reducing drastically revenue from this lucrative source. Worse still, the \$20 billion or so which we hope to earn therefrom will go into servicing part of our \$32 billion debt.

"Let us understand that foreign interests are using the IMF [International Monetary Fund] to close up on developing nations and, consequently, neo-colonize them through the back door. Essentially, this is the goal of privatization. They want us to send virtually all our national assets to them such as the ports, railways, electricity, airways, communications, and fuel. . . . These are very serious danger signals which we could ignore only at our peril. . . . The IMF, with its dangerous conditionalities, must not be allowed a status of an alternative sovereignty in this country."

## Space

### New experiments focus on fusion propulsion

According to Dr. Gerald Kulcinski, director of the University of Wisconsin's Fusion Technology Program, new experiments using the advanced fusion fuel combination of deuterium and helium-3, will bring closer the possibility of fusion space propulsion, which will revolutionize space travel.

Kulcinski's group has been experimenting with an electrostatic fusion device that does not rely on an outside source to heat the plasma fuel. The main advantage of using D-helium-3 is that the product of the fusion of the elements is largely charged particles, which can be easily captured and organized, rather than neutrons, which are the product of what are considered "first generation" fusion fuels.

A number of institutions in the United States and abroad have resurrected the 1960s electrostatic fusion approach, and the Wisconsin scientists are converting its device for the advanced fuel. Because of the 30% cut-back in Department of Energy funding for fusion research, Kulcinski's group is planning to try to go commercial to raise enough

money to continue the research. They first plan to produce a prototype device using "conventional" fusion fuels (deuterium and tritium), in a device the size of a basketball, that can produce neutrons for detection devices. Then, with the D-helium-3 fuel, they will have a portable source for the production of protons, which, he says, can be marketed commercially. The scientists hope to have enough money to scale up the experiments, and eventually get NASA funding.

The most abundant nearby source of helium-3, which is very rare on Earth, is on the surface of the Moon, and mining the Moon for this potential fusion energy fuel has been proposed by Kulcinski, and his collaborator, former astronaut Harrison Schmitt, for the past ten years.

## China

### Some 'non-bank' financial institutions closed

The People's Bank, China's central bank, has ordered the closing of 133 of 570 "non-bank" financial institutions, after a several-month investigation, the Shanghai newsletter *China Securities* reported, according to the Nov. 9 Swiss daily *Neue Zürcher Zeitung*. Another 58 of these institutions have had their permission to operate suspended until further clarification, while the remaining 379 will be allowed to re-register and continue operations.

These drastic measures, the Swiss paper wrote, are the result of the July 1995 banking law. While a separate department to oversee the "non-banks" (holding companies, stock markets, insurance and real estate companies, etc.) already existed, only since a new, "very strong" follower of Executive Vice Prime Minister Zhu Rongji took over this department this past summer, was an investigation carried out.

Among the institutions threatened with closure, are subsidiaries of the four biggest state-run banks in China (the Bank of China, People's Construction Bank, Agricultural Bank, and the Industrial and Commercial Bank), as well as numerous smaller provincial and city credit cooperatives. The credit crunch imposed in 1993, is the underlying

reason that the large banks and corporations set up finance institutions whose unrestrained activities are outside their own operations.

However, even if these threatened "non-bank" institutions are fully closed down, only a portion of China's financial "gray market" swamp will have been drained. Many of the smaller local institutions were not legally set up, and, in addition, China has an entire "black market" financial sector. In the first nine months of this year, of new credits worth \$80 billion, only 68% come from state banks. No one knows how much of the rest came from black market institutions.

## Italy

### 800,000 in Rome protest government budget policy

A national demonstration against government tax policy, organized by all the opposition parties, drew 800,000 people in Rome on Nov. 9, one of the largest demonstrations ever, the daily *Corriere della Sera* reported. The protest was, in effect, against the European Union's Maastricht Treaty and International Monetary Fund (IMF) austerity policies.

Roberto Formigoni, chairman of the Lombardy regional government and leading member of the CDU opposition party, told RAI3 television that the government budget policy is "hitting the family."

On Nov. 13, the Treasury Ministry released a study on the impact of the planned "Maastricht tax," to be enacted in November, which said that the tax will amount to an average of 1.2 million lira per family per year (about \$63 per month). The study calculates that, as a result of the tax, 30,000 more families will fall below the poverty line. (The ministry later claimed that, thanks to tax exemptions for families with newborn babies and other measures, the number of families under the poverty line will instead decrease.)

At the same time, the Party of Communist Refoundation held a rally of 150,000 persons in Naples, in "defense of labor." Although a pro-government party, that rally reflected the same popular outrage against Maastricht-IMF austerity.

**'THE DREADED CRASH'** will surely come. . . . Where? Not in equities, but in bonds, and specifically in the government bond markets of Europe and Japan. Bond markets the world over now seem more vulnerable than equities," London *Times* financial editor Anatole Kaletsky wrote Nov. 13.

**CHILD LABOR** has risen dramatically, the UN labor agency's report released Nov. 12 shows. Some 250 million 5-14 year olds are employed, half of them full-time, including 153 million in Asia, 80 million in Africa, and 17.5 million in Ibero-America. The older figure was 73 million, but the new statistics come from in-depth surveys and interviews.

**IRAN** signed a \$1.07 billion deal with an Italian firm on Nov. 9 to build two new steel plants (with an annual capacity of 1.1 million metric tons) and boost production in two others, state-run Teheran radio said.

**EGYPT** is close to a deal to export natural gas to Turkey, Egyptian Oil Minister Hamdi el-Banbi told *Al-Ahram* on Nov. 10. "The country with which we have reached the most advanced stage in negotiations is Turkey, not Israel," he said.

**THE BANK** for International Settlements, the organization of the world's major central banks, in a new report, "Banking Crises in Emerging Economies," includes the first review of emerging country bank bad loans as a percentage of reserves for such loans. The worst case, it states, is India, but Indonesia, Thailand, Brazil, Mexico, and Venezuela are among the worst.

**JAPANESE** Prime Minister Ryutaro Hashimoto on Nov. 11 announced a broad, but vague, plan for the deregulation of Japan's financial markets by 2001. Wall Street analysts dubbed it the "Big Bang" plan, for opening up to the global free market, but *EIR*'s sources say that Hashimoto has basically re-packaged some moves already under way.