

Business Briefs

Nigeria

Prof. Aluko criticizes privatization of firms

Nigerian economist Prof. Sam Aluko warned against the ongoing privatization of public-sector firms, in a lecture at the Nigeria Economic Summit in Abuja, in December 1999, according to *Vanguard News*. He said that Nigeria had no reasons to trust the World Bank and the International Monetary Fund, the forces behind the program. (For interviews with and coverage of Professor Aluko, see *EIR*, July 29, 1994; Jan. 16, 1998, p. 62. His endorsement of Lyndon LaRouche's Presidential campaign is in *EIR*, Dec. 24, 1999, p. 64.)

"The World Bank changes the goal post, and after some time they remove the goal post entirely," he said. "The argument that the state has no business being in business is wrong."

Aluko said that there is no country in the world that does not play a major role in the productive sector of the economy. "The Japanese government often protects some of its industries from both domestic and international competition," including shipbuilding, cement, steel, construction, and telecommunications, because "those industries are too weak to stand on their own," he said. Even Germany has rejected privatization as a British and American affair, he said, asking why Nigeria, where workers are poorly paid, is rushing into the program.

On the war against corruption, Aluko said that without a living wage, the campaign would fail.

Space

China plans to join Int'l Space Station

In January, the head of the Chinese Ministry of Science and Technology, Lu Yongxiang, told the *People's Daily* that the Ministry is "currently discussing increasing China's cooperation with Germany, the U.S., England, Canada, Japan, and especially Russia," in space technology, and participating in the In-

ternational Space Station (ISS).

Lu Yongxiang said that the Ministry would focus on international projects, and that investments would be increased in joint ventures, although it would limit China's participation to less than 10% of the expenses for joint ventures.

The path of least resistance for Chinese participation in the ISS would be through a bilateral agreement with Russia, which is having difficulty paying for the construction of much of the hardware it is committed to build for the station. Russia has already approached Ukraine for participation in the Russian segments, and is in a partnership with the American Spacehab company to sell some of its space onboard the ISS to commercial interests.

During a trip to China a few years ago, former Sen. John Glenn proposed that U.S.-Chinese space cooperation be increased, and such talks were under way preceding President Clinton's trip to China in 1998. All such discussions were scrapped after allegations were published by the *New York Times* that the Chinese had been stealing U.S. technology, which led to the convening of the Cox Committee and the release of its report a year ago.

Political Economy

Pope links wars to lack of economic development

Pope John Paul II made a clear connection between the ongoing conflicts, wars, and "humanitarian wars," and the lack of economic development, in his message for the celebration of the World Day of Peace, on Jan. 1. He outlined "the urgent need to rethink the economy."

We "need to examine the growing concern felt by many economists and financial professionals when, in considering new issues involving poverty, peace, ecology, and the future of the younger generation, they reflect on the role of the market, on the pervasive influence of monetary and financial interests, on the widening gap between the economy and society, and on other similar issues related to economic activity," he said.

"Perhaps the time has come for a new and deeper reflection on the nature of the

economy and its purposes. What seems to be urgently needed is a reconsideration of the concept of 'prosperity' itself, to prevent it from being enclosed in a narrow utilitarian perspective which leaves very little space for values such as solidarity and altruism.

"Here I would like to invite economists and financial professionals, as well as political leaders, to recognize the urgency of the need to ensure that economic practices and related political policies have as their aim the good of every person and of the whole person. This is not only a demand of ethics but also of a sound economy. Experience seems to confirm that economic success is increasingly dependent on a more genuine appreciation of individuals and their abilities, on their fuller participation, on their increased and improved knowledge and information, on a stronger solidarity.

"These processes call for rethinking international cooperation in terms of a new culture of solidarity. When seen as a sowing of peace, cooperation cannot be reduced to aid or assistance, especially if given with an eye to the benefits to be received in return for the resources made available.

"Rather, it must express a concrete and tangible commitment to solidarity which makes the poor the agents of their own development and enables the greatest number of people, in their specific economic and political circumstances, to exercise the creativity which is characteristic of the human person and on which the wealth of nations too is dependent.

"In particular it is necessary to find definitive solutions to the long-standing problem of the international debt of poor countries."

Energy

U.S. electric supply unreliable, study warns

A report produced by a panel of 19 experts and released by the U.S. Department of Energy on Jan. 12, shows that the U.S. electrical system is unreliable, according to the Jan. 13 *Wall Street Journal*.

The panel looked at seven outages from summer 1999—from six eastern states in June and July, and the Chicago region in Au-

gust. The report cites a near “voltage collapse” in July 1999 in the grid that supplies Washington, D.C. and the Mid-Atlantic region. The features of the unreliability include aging distribution systems and a “generation deficiency.” For example, one outage in New England in June 1999 “could have been devastating,” because of the difficulty in wheeling in power to the affected region from New York and Ontario.

The report points to “new market conditions” created by deregulation, that have made such power shifts “inordinately complex and time-consuming.”

Economic Policy

Pfaff attacks shock therapy, globalization

Syndicated columnist William Pfaff wrote that two Western experiments in economics—shock therapy in Russia, and globalization and deregulation around the world—have left people with worsened conditions of life, in a commentary in the Jan. 17 *Boston Globe*.

Pfaff cited a recent analysis by departing World Bank chief economist Joseph Stiglitz, that the attempt to make Russia into a market economy, “one of the most important experiments in the history of economics,” went “wildly wrong.” Its failure “affected millions of people over the past decade,” most of whom “saw their lives worsened, stripped of private and public assets.”

“The political consequences of that experiment now block the reconciliation of post-communist Russia with the West,” Pfaff said. “They seem likely, in the longer term, to reinstate hostility.”

Pfaff said that “the lesson of what was going wrong in Russia, evident fairly early in the decade, was nonetheless ignored in the globalization program subsequently adopted by the Western governments and lending agencies and applied to Asia and Latin America. . . . Once again, the social stability and political balance of nations were ignored. . . . Powerful international pressure was once again applied to open these states to still another ‘big bang’ transition to the deregulated marketplace. . . .

“The result was social upheaval and a huge and regressive redistribution of wealth. When the predictable crisis came, the foreign investors fled. Once again, vast numbers of people were left with worsened lives—and the conviction that they had been swindled.”

After this apt description of what shock therapy and deregulation have wrought, Pfaff then pulls back, arguing that these Western interventions into the affairs of other countries were “well-intentioned,” but the problem was the “hubris” and “intellectual arrogance” on the part of the West, and particularly the United States.

Ibero-America

Argentine industries flee to Brazil

At least 100 Argentine industries have transferred to Brazil over the past few months, due to the lower costs in that country. Most of the companies, such as auto and food-processing firms, are from Cordoba, Santa Fe, and Buenos Aires provinces, where industry is most heavily concentrated, and whose governors are urgently requesting government compensation for industries hurt by policies adopted unilaterally by other members of the Mercosur trading bloc—a reference to Brazil’s January 1999 currency devaluation. An economic analyst told *EIR* that firms also see their transfers to Brazil as a way to get the De la Rúa government of Argentina to ease up on the tax pressures.

The analyst warned, however, that forcing companies to move to Brazil reflects a longtime Trilateral Commission plan to relegate Argentina to the role of a raw materials supplier, while Brazil is permitted to have some industry. Some of the firms which have relocated to Brazil are branches of, or have agreements with, multinationals. The economics commentator for the Argentine daily *Clarín*, Marcos Bonelli, summed up the situation on Channel 13’s “Telenoche” program on Jan. 19. “What’s under discussion here, right now, is whether Brazil will have industrial development, while Argentina is left to become only a large exporter of raw materials,” he said.

IRAN’S national oil company is negotiating with a Chinese consortium to build a pipeline between Neka and Tehran. The tender had been won by an Iranian firm, but it withdrew because of financial problems. China was the runner-up in the bidding, and it has now entered negotiations.

CITIGROUP announced on Jan. 18 that it will buy the investment banking operations of Schrodgers plc, for \$2.2 billion. The move will nearly double the size of Citigroup’s European investment banking operation, to be renamed Schrodgers Salomon Smith Barney, putting it among the top ten investment banks in Europe.

THE TRANS-BALKAN oil pipeline was revived at a Jan. 12 meeting that included the U.S. Ex-Im Bank, because of the complications and excessive costs associated with the proposed Baku-Ceyhan Caspian Sea pipeline. It would run from Bulgaria on the Black Sea, to an Adriatic port in Vlore, Albania, circumventing Turkey, the private intelligence service Stratfor reported on Jan. 13.

AZERI President Heidar Aliyev is preparing to visit Iran, during which several issues are to be discussed, including the Baku-Ceyhan pipeline, which has not yet been finalized. Azeri Ambassador Abassali Hasanov told Iran News that the agenda would include projects decided upon but not completed, including the Iran-Nakhichevan gas pipeline, the Ordoubad hydroelectric dam, and two highways, the Qaz Mohammad expressway and the Baku-Astara highway.

OIL PRICES hit a nine-year high on Jan. 17, as the price of North Sea Brent crude oil topped \$28 per barrel for the first time since the 1991 Gulf War, a \$4 per barrel rise in little more than a week. Market reports are that certain hedge funds are trying to push the price even higher to make speculative gains. The Canada Energy Research Institute expects prices to soon top \$30 per barrel for West Texas Intermediate.