

# Business Briefs

## Germany

### Former minister calls for industrial vision

Former German Minister for Research Volker Hauff (Social Democratic Party) called for the formulation of an industrial policy for Germany, at the Friedrich Ebert Foundation in Bonn in mid-January. He said he supported the government plan to establish a National Commission on Technology, which he said represents an industrial policy.

Hauff said there are two successful examples of industrial policy in this century. One, a military example, is the military-industrial buildup in the United States during the Second World War. The other, a civilian example, is the Japanese model after the war. These should provide an orientation for Germany, he said.

BMW board member Wolfgang Reitzle, who criticized the lack of vision among German elites at the same meeting, also endorsed the National Commission on Technology. But, he said, today we need to do more than just give advice. We have to direct investments, we have to direct research funds, and we have to direct our best people into strategic projects.

## Transportation

### Germany, Russia will build railroad engine

Klaus Oertel, board member of the German company AEG, announced in Moscow in mid-January that an agreement with the Russian state railway has been reached to develop a new railroad engine by 1998. AEG has now entered the most important railway market in the world, Oertel said.

AEG, the Russian locomotive plant in Novocherkassk, and the Novocherkassk Institute for Railroad Engines plan to jointly produce 200 engines per year after it is developed. AEG will deliver the electronics, while the Russians will deliver mechanical parts and do the final construction.

The new railroad engine will be capable of working in a wide range of temperatures, from

-50°C to 40°C. It will be capable of withstanding sand storms and snow storms, and have a velocity of 300 kilometers per hour (180 mph).

According to AEG, Russia is planning to order 500 of these engines, and the company sees good market opportunities in China and Taiwan. AEG will be paid by Russia via Russian exports of the engine to third countries.

## Russia

### Chernomyrdin: Stop production slump

Russian Prime Minister Viktor Chernomyrdin told Interfax news agency on Jan. 21 that priority would be given to stopping the slump in production. "What sort of reforms or democracy can one talk about at a time when huge enterprises and private businesses come to a standstill while coal miners, oil workers, doctors, and journalists go on strike?" he asked. "No matter how progressive it might be, no theory can by itself salvage a huge country from shortages of food, energy, and commodities and, by definition, from social upheavals which will make the reforms next to impossible. . . . If we fail to boost production, we will fail to salvage the newly emerging market economy."

Valentin Sergeyev, a spokesman for Chernomyrdin, said on Jan. 21 that "the mechanical transfer of western economic methods to Russian soil has caused more harm than good," and that only "elements of western market economics" were contained in the new government's reform program.

Harvard Prof. Jeffrey Sachs, an advocate of "shock therapy" which has accelerated the production decline, and Anders Aslund from Sweden, quit their jobs Jan. 22 as advisers to Russia, in protest against the emphasis of the new government.

A Vienna-based expert on Russia told *EIR* that the production collapse is so far advanced that Chernomyrdin will be able to do no more than slow the decline. "I expect to see a slowing down of the production decline, to about 7-10% annually, down from its current rates," this source said. "It is not realistic to talk about growth potentials in Russia at this point, because matters have already deteriorated so far. If he can use a combination of methods, rang-

ing from price ceilings and price controls to measures to stimulate production, he can bring the decline under 10%, and that would be a great success, under current circumstances."

## Nuclear Energy

### Indonesia may be bowing to environmentalism

The Indonesian Minister of Research and Technology Jusuf Habibie, under pressure from environmentalists, said that residents near the site of a future nuclear energy electricity generating plant must decide whether the 600-megawatt plant should be built, Reuters reported Jan. 18. "The decision on whether or not the nuclear power plant will be constructed has to be based on the people's decision," he said.

A Japanese firm advised construction after a two-year feasibility study, saying it should start producing electricity by 2004. Officials say it will be built on the Muria peninsula in central Java.

Djali Ahimsa, director general of the Indonesian Atomic Energy Agency, previously said that Indonesia needed at least 7,000 MW from nuclear power under a new 25-year development plan which begins on April 1.

## Corporate Strategy

### Only maglev projects can save jobs at Thyssen

Germany's Thyssen Corp. reported an unprecedented DM 1.2 billion (\$750 million) loss for 1993, underscoring the assessment that only major projects such as the magnetically levitated (maglev) rail system can secure jobs for the steelmaking company. The loss is said to stem from the collapse of steel demand as well as of steel prices, but sources do not rule out that Thyssen has also run into problems because of speculation on the money markets, i.e., financial derivatives.

Thyssen, the main producer of components for the experimental Transrapid maglev

rail system, has not put much effort into promoting this unique product, which would enhance infrastructure projects on a broader scale. Such a perspective could create several thousand highly qualified jobs in an entirely new sector of the company's production.

In the management's emergency consolidation plan, the emphasis was put on a "streamlining" approach, which includes the scrapping, within one year, of 40% of the 39,800 jobs still remaining. According to this plan, Thyssen is to have a work force of only 22,000 by 1995.

## Biological Holocaust

### Haiti embargo causing starvation among children

As a result of the second oil embargo reimposed against Haiti by the United Nations in October, rural Haitians have been increasingly cut off from food and there is a growing number of deaths related to malnutrition. Transport of supplies to rural areas, where at least 30% of children already suffer malnutrition, has been all but shut down, relief efforts have been hampered, and prices on remaining small stocks of food have soared. According to Sister Maryann Bernard of the Hospital of Sisters of St. Francis, many of those with food are selling it to pay for funerals for their children.

The Haitian Health Foundation states that six communities suffer famine conditions—meaning that at least 11% of children suffer advanced malnutrition. It is the first time since statistics began being kept in 1988 that famine levels have been reached. Ironically, the famine regions reflect the most agriculturally rich areas in Haiti.

Although many parents have been able to leave their children with missions or orphanages where there are supplies of high-protein meals, there are an unknown number of children who die before their parents can bring them to the refuges. In the coastal town called the City of Poets, for example, only three of 15 buses that formerly went to the capital still run, while three ferries that had brought rice, cooking oil, and other staples have stopped. A 50-pound bag of

rice in an area where the annual income averages \$370, has tripled to \$45 since November.

The countryside has no medicine, anesthesia, rubber gloves, or even bandages. Water supplies are erratic, since there is often no electricity for the pumps. And, without fuel, farmers cannot grow their crops of coffee, cacao, and mangos, and must let their produce rot from lack of transport. Forests are being cut to produce charcoal for energy, including cutting down farmers' mango trees.

Rev. Joachim Samedy, a Catholic priest who displays ousted President Jean-Bertrand Aristide's picture on his office wall, said: "People supported [the embargo] because Aristide asked for it, and they thought that with the embargo the Army would leave. But, after all these months of embargo, we have catastrophe."

## Africa

### IMF blamed for student riots in Mozambique

The Mozambique News Agency (AIM) blamed the International Monetary Fund on Jan. 16 for problems that led to a riot at the Josina Machel school, the country's largest secondary school. "Corruption in Mozambican schools is a direct result of budgetary policies imposed on Mozambique by the IMF in the name of structural adjustment," AIM said. "The IMF policies have forced the real wages of teachers and education officials into a spiral of decline. It is hardly surprising that some of them try to make up for their falling living standards by extorting bribes from students."

A riot broke out at the Josina Machel school in the capital of Maputo on Jan. 12 as students attempting to enroll protested at what they said were attempts by some officials and teachers to extort money in exchange for enrollment documents. Enrollment in Maputo secondary schools ended several days earlier than planned, allegedly because the schools ran out of room. Notices announcing "No More Places Available" have appeared in several schools, including Josina Machel.

● **PALESTINIAN** officials asked U.S. Commerce Secretary Ron Brown on Jan. 19 for favored trading status equal to Israel's. "We asked him for preferential treatment and a free trade agreement . . . to help develop the Palestinian economy," Abu Libdeh, deputy director of the Palestinian development body Pecdar, told Reuters. "We cannot wait for agreements to be signed. Economic mobilization has to start immediately."

● **750,000 JOBS** in agriculture will be eliminated in the European Union through the outcome of the recent round of the General Agreement on Tariffs and Trade, reported *Agra-Europe*. The losses in farm income is estimated at about \$20 billion.

● **FIVE NATIONS** in Central Asia (Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, and Tajikistan) have agreed on steps to prevent the Aral Sea, one of the world's worst ecological disasters, from shrinking further. They have pledged to pay 1% of their 1994 budgets into a joint fund to try to save the sea.

● **U.S. TAXPAYERS** with children and other dependents do not get nearly as big a tax break as they once did, says Eugene Steuerle at the Urban Institute, the Jan. 19 *Wall Street Journal* reported. If the exemption had been adjusted for inflation and real growth in income since 1948, it would have risen to \$8,652 in 1993, instead of the actual \$2,350.

● **UZBEKISTAN** announced its most far-reaching package of free market reforms so far on Jan. 22. President Islam Karimov decreed that state-owned trade and service enterprises will for the first time be auctioned off to anyone with money to buy. The decree follows the Jan. 21 reports that Uzbekistan is negotiating for its first credit from the IMF.

● **BOEING** announced on Jan. 21 that it expects to cut another 7,000 jobs through attrition and layoffs, UPI reported. The company cut about 17,000 jobs last year.