

Business Briefs

Great Britain

Child labor found to be widespread

More than 2 million British children under the age of 13 are employed illegally, often in hard physical labor, according to a new study by the British Trade Union Council, the German Deutschland Funk radio reported Jan. 20. In one out of every five British households, none of the adult members has work, so the income of children is often a major part of the family budget.

In Britain, there is no official minimum wage, and children are often employed at construction sites and other physical work, for wages of \$1 to \$1.50 an hour. The extent of illegal child labor was revealed in the context of a major political discussion in Britain, on how to improve the quality of education. It turned out, that many children do not learn properly in school, because they are physically exhausted from their work outside school.

Economic Policy

French have succumbed to Malthus, says editor

Thomas Malthus is the "secret master of the French society elites, a kind of hidden Imam of France's unique ideology" currently dominating the country, Laurent Joffrin wrote in *Libération* on Jan. 15, in an editorial entitled "Malthus Is a French Name." Malthus "founded perhaps not a school but a mentality dedicated to austerity, pessimistic and restrictive, which has a name: malthusianism," and, even though all his predictions were wrong, Malthus "has become, today, a French specialty," he said.

"In our country," Joffrin said, "the monetary authorities who are halting growth in the name of the fight against inflation . . . are malthusians. . . . The right wing, by accepting this policy and spending more time on reducing deficits than promoting activity," is "malthusian," just as the "larger part of the left is malthusian, when it struggles more for the reduction of working time . . . than for

the creation of new riches, without which there is nothing to share. The environmentalists are malthusians, adapting themselves to the economic stagnation in the name of the protection of the planet." The company heads are "malthusian" because, worried only about their treasury, they mistrust "investment and creation of jobs." And finally, "public opinion is malthusian," when it supports retirement at 55 years of age and fights against immigration. Joffrin warned, "A nation where there is fewer and fewer young people grows less and less in the future. That nation is ours!"

Agriculture

Ecological farming would be slavery, says professor

"The most important ecological responsibility is, and always will be, to supply humans with food," said Prof. Wolfgang Haber, from the Institute for Ecology at the University of Weihenstephan, at the annual meeting of the German Agricultural Society in Wiesbaden on Jan. 15. It is "mandatory to have intensive, high-yield agriculture as long as the number or the preferences of people do not shrink drastically. Therefore, I warn against extreme proposals . . . to have islands of high-yield agricultural production on one side, and a complete conversion to ecological farming on the other. . . . Such proposals will result more or less in a new form of slavery."

In developing countries, "it would be neither ecologically right nor responsible to introduce low-yield agricultural techniques, that completely renounce mineral fertilizers, chemical plant protection measures, and even genetic engineering. More so, they have to be applied in a responsible manner," Hager said. Until these countries are able to feed themselves, food aid will be necessary, especially grain, donated by the industrial countries. "This puts overproduction, which everybody complained about so much in the past, in a completely different light. It even makes overproduction mandatory."

Haber said that "ecology has to be seen from the standpoint of man, and the most important question every serious ecologist

has been dealing with is how living entities feed themselves and how nature delivers it to them. . . . From an ecological standpoint, you have to demand a new green revolution."

Russia

Poverty grows worse, as unpaid wages mount

More than 75% of all Russians earn a monthly income of less than 650,000 rubles, equivalent to about \$118 or less per month, according to figures released on Jan. 21 by the Russian Center for Living Standards, Itar-Tass reported. Vyacheslav Bobkov, the center's director, said that "more than 25%" of all Russians live in "abject poverty," with a monthly income of less than 320,000 rubles (less than \$58 a month). Within that "abject poverty" group, Bobkov identified a group of people living in "extreme poverty," namely, 11% of all Russians. He defined "extreme poverty" as a monthly income of less than 219,000 rubles (about \$40). Bobkov said that about 50% of the population live on incomes "between 320,000 rubles a month and 650,000 rubles a month" (\$58 to \$118 a month).

Bobkov classified 6% of the population as "middle class," with monthly incomes between 650,000 and 1.9 million rubles (\$118 to \$350 a month). About 8% of the population were termed "rich," with monthly incomes of more than 1.9 million rubles.

As these figures suggest, there is more than a bit of doctoring involved to underplay the full extent of poverty. The middle- and higher-income groups add up to at most 15% of the population, while the lower groups add up to, at most, about 80%. From 5% to 10% of the population are "missing" in the compilations, but, given the formulations "more than 25%" and "about 50%," all the "missing" in fact fall into the lower-income categories.

Also on Jan. 21, the Russian State Statistics Committee released updated figures on the level of arrears in unpaid wages and pensions. These now stand at 45 trillion rubles (about \$8.5 billion), which means the poverty figure will continue to rise.

Finance

A blowout is near, warns French paper

The French daily *Le Monde* joined a growing chorus of voices in Europe that a financial crash is imminent, in its Jan. 21 economic supplement, entitled "Is the Financial World Going Up in Flames?"

Le Monde wondered, "Is the financial machine going off the deep end?" It outlined the exponential growth which has characterized the financial markets recently. "During the first nine months of the year, \$1.195 trillion of stocks and bonds have been emitted, a figure characterized as 'stupefying' by the OECD experts in a study." The daily volume of trading in the exchange markets in 1973 was close to \$20 billion, \$200 billion in 1986, and \$1.1 trillion in 1995. The derivatives market, where "the development has been even more rapid," had reached, by the end of 1995, the "astronomical sum of \$327.6 trillion, i.e., 50 times the equivalent of the yearly GNP of the United States. . . .

"How not to tremble when imagining the consequences of an eventual brutal displacement of such masses of capital? How can one ignore the risks of the creation of a virtual economy disconnected from the real economy? In front of the flight-forward growth of financial instruments, the bad omens predict a collapse of the stock markets."

Southeast Asia

Indonesia needs German industry, says minister

German *Mittelstand* (i.e., small and medium-sized companies) are needed in Indonesia, not only in the aerospace sector, where Indonesia is now developing its own 50- and 68-seat civilian airplanes, but "also in all the other areas such as railways, automobile technology, shipbuilding, and so on," Indonesian Minister for Research and Technology Dr. Bacharuddin Jusuf Habibie said, in an interview with the German engineering weekly *VDI-Nachrichten* during a visit to Germany in January.

Habibie said that the German people are

upset that German companies are investing more and more in foreign countries, and eliminating domestic jobs. But, he said, "you can no longer insist on only exporting finished products; you have to export ideas, and you should receive a good price for this."

While big companies such as Siemens and Daimler-Benz are active in Asia, what Indonesia needs is the engagement of small and medium-sized German companies. The big companies, for example in the aerospace sector, we have ourselves, Habibie said. But small and medium-sized supplier industries don't exist. Habibie called on the German states, "for example, North Rhine-Westphalia, to invest in the future," that is, to start aid programs for German *Mittelstand* industries, so that these companies can cooperate with countries like Indonesia.

Germany

Churches warn about unemployment costs

It is not the costs of the welfare state, but the costs of mass unemployment which are a threat to society, a joint declaration by the Catholic and Lutheran churches of Germany says. The final text of the document will not be released before Feb. 28, but the draft was leaked to the media on Jan. 22, in the context of battles over more cuts in the labor and welfare budgets.

The authors reportedly attack the "neoliberal view" that the social welfare system and other social costs are allegedly the main cause of protracted mass unemployment. They say that no lowering of the jobless rate has been observed, despite cuts in social programs. Mass unemployment, however, not only imposes financial burdens on society, but undermines the principle of solidarity and, thereby, the foundations of social peace and democracy.

Unless financial properties are taxed for the funding of common societal tasks, the authors say, the grave social and economic problems will not be solved.

The statement was echoed by the tabloid *Bildzeitung* on Jan. 22, which suggested that the government "tax the excessive stock market profits and create new jobs with that money."

KAZAKHSTAN Deputy Foreign Minister Almas Hamzaov reiterated his nation's request to join the Iran, India, Turkmenistan Transport Agreement, at a meeting with Iranian Ambassador Hasan Qashqavi, in Almaty, the Kazakh capital, on Jan. 16.

RUSSIA has accepted the renewal of the monopoly over its diamonds exports by the British Empire's South Africa-based DeBeers cartel, according to the *Diamantaire* newsletter. DeBeers broke off the relationship on Jan. 1 over resistance to the monopoly from Russian diamond cutters.

GERMAN banker Johannes Zahn, 90, one of the leading figures in post-World War II reconstruction, is warning that "international financial speculation . . . has to a far extent fallen out of control," Klaus C. Engelen, chief editor of the economic daily *Handelsblatt*, reported Jan. 20. Zahn says that central bankers as well as governments are under the dictatorship of global markets.

THE TRANSRAPID maglev German rail project will get backing from the Young Union of Mecklenburg, a new youth alliance of Christian Democrats, Social Democrats, and Free Democrats formed in the state on Jan. 22. It is "an entirely new technology that creates jobs and opens up new dimensions in high-speed transport," the group's chairman said.

CHINA has completed feasibility studies on a \$50 billion project to move water from the Yangtze to the Yellow River in the north, the *Asia Times* reported Jan. 9. China plans 6,000 water supply projects by the year 2000, costing \$2.8 billion, and aimed at bringing running water to 80% of the population.

ITALIAN milk producers began protests in January, against fines which individual farmers (not the state) must pay to the European Union for surpassing production quotas. Since 1982, Italy has been assigned a quota of 9.9 million tons—only 60% of internal consumption.