

# Business Briefs

## Germany

### Job losses grow under globalization policy

Berlin and eastern Germany continue to suffer massive job losses. During 1991-96, the electric engineering sector lost 57% of its workforce. While in 1991, this branch still employed 90,000 workers, only 38,000 remained at the end of 1996, and the trend is continuing downward. In February 1997, the regional unemployment office listed 43,000 workers without employment in Berlin's otherwise booming construction sector.

In the state of Saxony, more than 90% of textile workers have lost their jobs since 1990, a Textile Workers Union spokeswoman told *EIR* on March 6. The process of downsizing began almost seven years ago under the auspices of the Treuhand agency, which managed the privatization of East German state firms. Today, there are only 8,000 jobs left, and the process of downsizing and outsourcing—for example, to the neighboring “low-wage” countries of Poland and the Czech Republic, where workers get paid a fraction of the average German wage—is continuing.

Worse, under globalization, which exploits low-technology input outside of Germany, there is no market for German textile machinery know-how, so the end of the textile industry means the end of the textile machinery sector. The situation is similar in the mining sector.

## Central Asia

### Kazakhstan, China focus on increased cooperation

China's President Jiang Zemin and Kazakhstan's President Nursultan Nazarbayev discussed economic cooperation, especially around the Chinese-Kazakh railroad (part of the Euro-Asian Continental Bridge) in Beijing on Feb. 21, according to Nazarbayev's spokesman Krymbek Kusherbayev, the Foreign Broadcast Information Service reported.

Nazarbayev said that bilateral trade

could be increased by expanding the capacity of the railroad pass from Druzhba, Kazakhstan, to Alashankou, China. Kazakhstan is currently developing the Druzhba railroad station and building additional terminals there with the help of a \$75 million loan from the Ex-Im Bank of Japan. Jiang supported the importance of increasing freight transport, and announced that he had instructed the Chinese government to accelerate the construction of a second line of this railroad on Chinese territory.

Nazarbayev also proposed that Chinese oil companies take part in tenders for the privatization of Kazakh oil and gas facilities, and told Jiang that the two countries might cooperate in the joint construction of oil and gas pipelines starting in southern Kazakhstan and going via northern China. “Almaty [the capital of Kazakhstan] is interested in developing projects to transport hydrocarbons to international markets,” he said. According to the Feb. 28 London *Financial Times*, the Chinese National Petroleum Company is taking part in a tender to develop Kazakhstan's Uzen oil field near the Caspian Sea.

## South Asia

### Indian Ocean Rim group set up to boost trade

A new regional economic and trade grouping, the “Indian Ocean Rim Association for Regional Cooperation,” was established in a meeting of 14 nations in Mauritius on March 6. The founders are Australia, India, Mauritius, South Africa, Singapore, Oman, Kenya, Sri Lanka, Malaysia, Indonesia, Yemen, Tanzania, Mozambique, and Madagascar. Its charter states that it will accept any nations that border on the Indian Ocean, giving it 30 potential members, which would include 1.5 billion people, two-thirds of the world's oil reserves, and one-fifth of its arable land.

According to the March 7 *Journal of Commerce*, the association was first suggested by South Africa, which nation has been increasingly acting as a cat's paw for the British Commonwealth in the recent period. And, it was strongly pushed by Australia, the key country behind the establishment

of the free-trade Asia Pacific Economic Cooperation bloc. “Like APEC, the new association aims to rely on the private sector to stimulate trade and investment,” the *Journal* said.

However, not all necessarily share that “private sector only” vision. *EIR*'s New Delhi office reported that some of the ministers present “called for concerted efforts to withstand the onslaught of unbridled liberalization through a process of regional integration in orienting a new world economic order.”

Indian External Affairs Minister I.K. Gujral urged members to cooperate in generating productive employment, developing human capital, ensuring transfer of knowledge and technology, and contributing to the individual and collective well-being of the nations. The association is a vital reaffirmation of Jawaharlal Nehru's vision of Afro-Asian partnership, he said.

## Italy

### Unions threaten general strike vs. unemployment

In a conference in early March in Reggio Calabria, the capital of the region with one of the highest jobless rates in Italy (officially 25.20%), national trade union leaders promised action if the government does not implement job-creation programs. Sergio D'Antoni, leader of the CISL trade union, threatened the government with a “general strike,” according to *Corriere della Sera*. Unions scheduled a national demonstration in Rome on March 22.

Sergio Larizza, leader of the UIL trade union, called for funding infrastructure projects and received strong applause. *La Stampa* reported. Larizza reminded the government of its promise to invest 140,000 billion liras (about \$95 billion) in highway, railway, airport, and water infrastructure.

Recently, Italy's President Oscar Luigi Scalfaro, in a highly unusual move, convened his cabinet to discuss the “unemployment emergency.” The government announced a package of measures, which does not seriously address the crisis, but was enough to enrage the globalists and free-market supporters.

In an op-ed in the March 9 *Corriere della Sera*, Alessandro Penati argued that the solution is "to downsize the role of trade unions in the economy," and to eliminate the national labor contract. This was "the main dish of Margaret Thatcher's recipe: results in terms of flexibility and jobs came quickly."

### **Middle East**

## **IMF admits Palestinian economy has been destroyed**

In 1993, and again in 1994, following a visit to Gaza, *EIR* documented that the policies being imposed by the International Monetary Fund and World Bank on the partners to the Oslo peace agreement, would undermine any hope for peace, and lead to devastation of the fragile Palestinian economy. The IMF has just admitted the same, albeit without acknowledging its own responsibility. Its report, misnamed "Recent Economic Developments, Prospects, and Progress in Institution Building in the West Bank and Gaza Strip," issued by its Middle Eastern Department in Washington, was excerpted in the March 7 London *Financial Times*.

"Palestinian unemployment has nearly doubled and per capita income has shrunk by a fifth since the start of the Oslo peace process" in fall 1993, the report said. The IMF lays the blame on the Israeli blockade, which has cut Palestinian access to jobs inside Israel. Thus, only 25,100 workers had access last year to their jobs, compared to 116,000 legal workers in 1992. The estimated loss to the Palestinian economy is \$94 million per 10,000 people who are denied access to their jobs.

Investment in the Palestinian-ruled areas has dropped from 28% of GDP in 1992, to 18%, while private investment has dropped from 25% of GDP to 10% in the same period. Israel's blocking of exports has created a trade deficit of 38% of GDP for 1995 and 1996. At the same time, Israel's exports increased by 43%, "nearly doubling in Asian markets opened up by the peace process," and foreign investment in Israel increased sixfold to over \$2 billion per year.

The report admits that of \$2.49 billion pledged in 1994-95 by the donors for the Pal-

estinian Autonomy, only \$1.35 billion has been delivered. Unemployment is now at 34.2%, compared to 18% in 1993.

Jobs which could have been created for hundreds of thousands of Palestinians in the West Bank and Gaza Strip, have been eliminated by the World Bank and IMF's stranglehold on the flow of funds. The World Bank, from the outset, vetoed all large infrastructure projects which would have meant employment and economic growth.

### **Public Health**

## **Britain returns to 19th-century conditions**

The British Medical Association (BMA) warned on March 6, that "Britain is returning to the 19th century in terms of public health, with problems such as dirty water, contaminated food, and old infectious diseases re-emerging," the London *Independent* reported. It headlined its coverage, "Doctors Warn of a Return of Past Plagues." Sandy Macara, the BMA's chairman, said: "We have slipped backwards. The public-health legislation of the 19th century put Britain ahead of other countries, by addressing the issues of contaminated water and food. Yet, we still have all these problems today, in an affluent society."

Macara said that health care is the number one election issue for most of the public, in the weeks leading up to the early-May national general election. However, "hidden in public spending plans accepted by all the main political parties, is a well-disguised decision that NHS [the National Health Service] will be severely squeezed until the next century," the *Independent* said.

One hospital official said, "We would see a major program of hospital closures under these spending plans. We would have to cut national programs such as medical education, and quietly reverse the new deal that reduces junior doctors' hours. The government's commitment, that no one should wait longer than 18 months for an operation, would have to go. Some people would have to wait longer, and those dealt with more quickly, would be treated according to clinical need, rather than, as now, on the waiting list."

# Briefly

**RENAULT'S** decision to close its operations in Belgium and eliminate 3,200 jobs, has led to coordinated protests by unions in the three European countries in which Renault has factories—Belgium, France, and Spain.

**THE ARABIC** daily *Al-Hayat* on March 5, reported on the *EIR Special Report* "The Eurasian Land-Bridge. The 'New Silk Road'—Locomotive for Worldwide Economic Development." One section was entitled, "The Fate of the World Is Determined by Infrastructural Corridors Linking Europe and Asia." *Al-Hayat* is the largest-circulation (170,000) international Arabic newspaper.

**AUSTRALIA'S** foreign debt grew by \$15 billion in the second half of 1996, to a new high of \$202 billion in net foreign debt and \$305 billion in net liabilities (i.e., debt plus foreign investment), according to Australian Bureau of Statistics's figures released on March 6.

**BRITAIN** is accelerating its drive to seize whatever strategic minerals, raw materials, and other assets it can in Ibero-America, under the "Links into Latin America" campaign, launched by the Foreign and Commonwealth Office in January 1995.

**ARGENTINA'S** President Carlos Menem, who has destroyed his nation's economy, lectured 250 Vietnamese officials in Hanoi on the virtues of free trade, the *Asia Times* reported on Feb. 18. "I had to take a knife and perform surgery with no anesthesia, even though it would hurt," Menem said of his privatization program.

**THE TRANSRAPID** maglev rail technology was supported by the "Alliance for Technological Progress and Jobs with a Future," an alliance of the metal workers union and the metal industry employers of northern Hesse, in Kassel, on March 3. They said that they want to "open a front against hostility against technology, and fiscal petty-mindedness."