

# Business Briefs

## Africa

### Tackle underdevelopment, Nigeria's Abacha urges

The Nigerian head of state and chairman of the Economic Community of West African States (Ecowas), Gen. Sani Abacha, has called on member-states of the organization to work on strategies to deal with the problem of underdevelopment in the region. Lagos Radio Nigeria Network reported on Aug. 29.

At a state banquet in honor of the heads of state and government attending the 20th Ecowas summit in Abuja, Abacha told the gathering that the problems of underdevelopment were complex to handle as a result of faulty foundations put in place by colonial masters, especially in Ecowas member-states. Abacha said, "We must decide to deal with this greatly unacceptable situation before it further complicates and develops into a vicious cycle. The time has come for us, as leaders of our people, to work together by making the necessary efforts at regional, subregional, and national levels to provide economic integration as a means of a viable framework for the mobilization of available human and material resources."

Abacha described Ecowas as a viable framework to address the presence of hunger, disease, and ignorance in member states with collective efforts and determination of various governments. "We must continue with development at the national level to apply such policy measures capable of breaking the vicious cycle of poverty. Africa is highly endowed with enormous human and natural resources," he said.

## Economic Policy

### Ukraine forges ahead with privatization

Under International Monetary Fund and World Bank pressure, Ukraine is continuing to implement suicidal economic policy advice. Its State Property Fund has said that shares in 58 state-owned companies will be sold during September on the nation's "over-the-counter" stock market, *Bloomberg Busi-*

*ness News* reported on Sept. 4. The fund said the initial package of shares has an estimated value of some \$2.1 million. It also pledged to sell shares in 139 companies, valued at \$27 million, in October. Plans are currently being drawn up to sell some of the country's largest companies, including firms in the energy, petrochemical, and metallurgy sectors.

The fund also announced plans to sell off more than two-thirds of the state-owned Okean shipbuilding company, which is currently building vessels for Ukraine's Black Sea steamship fleet. In a statement issued in Kiev, the fund said that the privatization plan calls for two share blocs of 26% each to be sold in commercial tenders. Purchasers will be able to use cash, compensation certificates, or the tradable vouchers that were issued to Ukrainians who lost savings as a result of hyperinflation. Okean's managers and plant workers will have the first chance to purchase another 10% of the shares. The state plans to hold a 26% stake, and the remainder of shares will be sold on Ukraine's stock markets or in auctions involving compensation and privatization certificates.

## Eastern Europe

### IMF policies continue to destroy economies

The good news about the Russian and Ukrainian economies is that "the really big collapse has so far been prevented," the Swiss daily *Neue Züricher Zeitung* commented on Aug. 27, in a review of "the fragility of the transformation process" throughout central and eastern Europe. The article is based on the latest figures published by the Vienna Institute for International Economic Comparisons. "Every year, there is the same picture: The Russian government and the international financial organizations are predicting, that after a massive breakdown of the GDP [Gross Domestic Product] in the early 1990s, an economic growth is now certain to come," the paper said. As before, in 1997 these optimistic views were again proven wrong. Despite the expected growth, the government had to correct its 1997 projections downwards, to a further 2% drop in GDP.

In the first quarter of 1997, production of

capital goods and agricultural output were down by 6%, compared to 1996. In Ukraine, industrial production was down in the first half of 1997 by 10%, while the foreign trade deficit will probably increase this year by 50%, to \$1.8 billion. Contrary to the official unemployment rate of 3%, a more realistic estimate is 30%.

Even worse is the situation in Bulgaria, Romania, and Albania. For example, industrial production in Bulgaria was down in the first half of 1997 by 15%. In Central Europe, there are also "very dark clouds" shaping up, with the most worrisome aspect being the rising trade deficits. A boom in consumption, based predominantly on credit-financed imports and not on enlarged production, has already, during 1996, led to "alarming" balance of trade deficits, in particular in the cases of the Czech Republic (8.2% of GDP), Slovakia (10.1% of GDP), and Croatia (7.6% of GDP). The 1997 figures so far look even more grim. In Slovakia, the deficit is financed mainly by short-term credits. "In the recent 12 months, we have seen severe crises in central and eastern Europe. Further ones are not to be excluded," *Neue Züricher Zeitung* concluded.

## Infrastructure

### Malaysia, Indonesia announce project delays

Major infrastructure projects will be delayed, Malaysian Prime Minister Mahathir Mohamad announced on Sept. 5, the *International Herald Tribune* reported. The decision comes in the wake of the fall of the ringgit, the Malaysian currency, and the stock market, triggered by speculative attacks by George Soros.

The \$6 billion Bakun Dam, one of the world's most ambitious dam projects, will be delayed indefinitely. Mahathir's "cybercity" and several highways will also be put on hold, "owing to the weakness of the ringgit." Mahathir also announced that the government will lift a ban on short-selling shares, imposed the week before to the shrieks and howls of foreign fund managers. He also announced the government would inject \$20 billion into buying back local shares.

In Jakarta, Indonesia, the government announced on Sept. 3 that it would cut its budget, delay major infrastructure projects, curb luxury imports, and increase exports. On Sept. 4, the government cut interest rates on one- and three-month notes and abolished the 49% ceiling on foreign ownership of new shares. Overall, the markets have fallen 30% since July, and the rupiah, the Indonesian currency, is down by a similar amount since January.

## Iran

### Government tackles unemployment problem

Iran's Minister of Industries Gholamreza Shafei announced on Sept. 1 that unemployment stood at 9-10%, and that a program of job creation and training will be aimed at drastically lowering the rate of unemployment within three years, IRNA news service reported.

The minister said that currently 17% of the workforce is employed in industry, 8% in mining, 11% in construction, 2% in the oil sector, 28% in agriculture, and the rest in services. "According to the international norms, the rate of the employed workforce in [the] agricultural sector needs to be reduced to 12% as the minimum," he said. This could be achieved only if drastic measures were taken, "transforming traditional farming methods and techniques into mechanized and industrially-oriented patterns with the utilization of modern equipment and appliances available in the world of technology," he said.

On Sept. 3, Iran's President Seyed Mohammed Khatami announced the formation of an economic commission, to examine the state of investments, and the profits or losses of public-sector firms. Khatami has pledged to act promptly to lower inflation, relieve unemployment, and raise living standards. The group will include the ministers of economics, finance, and commerce, the heads of budget and planning, employment, the central bank governor, and the vice president for executive affairs.

## Russia

### LaRouche cited versus the neo-Malthusians

In the letters section of the Russian weekly *Novoye Vremya* (*New Times*) in August, Vyacheslav Vysotsky of Rostov Province discussed the work of Lyndon LaRouche, as pointing the way to the survival and development of mankind.

Vysotsky wrote to the editors, to protest an article it published last year by N. Mikhailov and O. Slutsky, "neo-Malthusians" who argue that man is just another species of animal. The authors had called for the reduction of the human population to 1 billion. "Isn't there another way out?" Vysotsky asked. "I am certain, that a shift of the social development paradigm, a reassessment of values, and the achievements of science can enable our planet to feed even 25 billion people. Enormous possibilities are opened up, with the development of new types of energy, and soon any harmful types of production can be relocated to the Moon."

The new neo-Malthusians, said Vysotsky, "propose that mankind occupy a modest place alongside other living creatures, in an ecological niche." The "proponents of the noosphere," countered Vysotsky, say that man "is destined to save himself and the world from their inevitable end, from general entropy." In this tradition, Russian thinkers such as V.I. Vernadsky, K.E. Tsiolkovsky, and N. Fyodorov looked to the colonization of space.

Vysotsky concluded, "The American economist L. LaRouche, the founder of 'physical economy,' believes that a population of 25 billion people will be required, for the optimal development of the planet. In Moscow, the Schiller Institute for Science and Culture publishes a journal, and the books of LaRouche and his co-thinkers have been published. It would be interesting to read in your magazine, the opinion of specialists on this theme.

"L. LaRouche has developed a whole program for the reform of Russia's economic system, in which he makes a fundamental criticism of the International Monetary Fund and the [World Bank]. . . . I propose that *Novoye Vremya* introduce a new rubric: 'The Noosphere: Problems of Becoming, Prospects for Development.'"

**MALAYSIAN** Deputy Prime Minister and Finance Minister Anwar Ibrahim said on Sept. 4 that Malaysia does not "preclude the possibility" that if Malaysians "break the rules and sabotage the economy" by participation in the attacks on the currency and stock market, the Internal Security Act could be invoked to hold them on criminal charges.

**THE TRASECA** project for improving transport from Europe to Central Asia, including expanded ferry service between Italy and Albania, a new ferry between Burgas, Bulgaria and Poti, Georgia, and new highways, was discussed in Burgas in August. Officials from nine countries signed a document outlining common interests and details of the project.

**FIRST UNION** Corp. (\$143 billion in assets), a commercial bank holding company, said on Aug. 20 that it had agreed to buy Wheat First Butcher Singer, Inc. (\$30 billion in assets), a brokerage-securities firm, for \$471 million. The move marks a step-up in the take-over by commercial banks of brokerage-investment bank firms.

**COLOMBIA'S** main cities are importing 90% of the food sold there, from Chile, Ecuador, Peru, the United States, and other nations, according to a study by *El Tiempo* newspaper in Bogotá. Since 1990, imports of all primary agricultural products have quintupled to over 5 million tons.

**INDONESIA** is proposing counter-trade deals with Russia, such as manufacturing primary structure aircraft components, to offset 35% of the cost of its purchase of Sukhoi Su-30 fighter jets and MI-17 helicopters, Research and Technology Minister B.J. Habibie reported on Aug. 26.

**OPPENHEIMER'S** Robert Champion de Crespigny's Normandy mining group has taken a 25% stake in Lubavitcher Rabbi "Diamond" Joe Gutnick's Great Central Mines, the Aug. 25 *Australian Financial Review* reported. It will be the fourth largest gold-mining company in the world.