Business Briefs

Investment

Japan ups interest in China and Indonesia

Japan has sharply increased its investment in China and Indonesia, which have significantly lower labor costs than Thailand, Taiwan, South Korea, and Hong Kong, *China Daily* reported Nov. 14. Japan's investment share in China grew by 85% and Indonesia by 40%, while other Asian nations, despite their attempts to attract Japanese investment, are losing out, according to Japanese officials.

China has the lowest labor costs of all competing regions, "but the labor costs are not the only element," a Japanese official told *China Daily*. "It is our confidence in the Chinese government that is the decisive factor." Ikeura Kisaburo, head of the Japan-China Investment Promotion Organization, reports that Japanese investment now spans the entire Chinese coast, and no longer just the northeast.

But despite the Japanese investment in finance, trade, and hotels, Chinese officials note that Japan has yet to speed up its investment in capital- and technology-intensive projects, which is the type of investment that China needs to seriously develop its economy.

Italy

Formigoni demands end to privatizations

Roberto Formigoni, vice president of the European Parliament, founder and former chairman of the Catholic youth organization Communion and Liberation, and undersecretary in the Environment Ministry in Rome, called for an end to the selloff of state-owned industries. He spoke in San Donato Milanese near Milan on Nov. 25 at a conference sponsored by *EIR* and the International Civil Rights Movement Solidarity, the association founded in Milan in June and representing in Italy the international group based on the ideas of American economist Lyndon LaRouche.

The Nov. 27 daily *Il Giorno* headlined its coverage, "Formigoni: Let's Stop Sell Out of Italian Industry." "Only a national coalition of forces can ensure the reconstruction of the economic potential of Italy in the European and world context . . . and safeguard Italy from the massive speculation of multinationals," *Il Giorno* wrote, summarizing the theme of the conference.

"We have been trying for a long time to draw public attention to the not-so-hidden attempts of certain financial interests to take over many state industries. This maneuver could be accepted if it did not hide the attempt to control our economy, not through a plan to relaunch our industry, but in order to shut down some of our most specialized industries," Formigoni said. *Il Giorno* commented that "the remedy to such foreign maneuvers could only come from a government plan aimed at relaunching state industries."

"Privatizations in Great Britain," Formigoni said, "were not at all healthy for the economy. . . . While they temporarily reduced the national public debt, they made the country lose its social function in front of the economic crisis, since state industries could have employed workers laid off by private companies."

Germany

'Elites' attacked for bad economic policies

Erich J. Lejeune, described as "Europe's leading broker for computer chips" and an author of books on political economy, accused the German "elites" as being responsible for Germany's current economic collapse, in a commentary in the Nov. 23 German daily *Die Welt*.

Lejeune compared Germany's economic problems to an old Chinese proverb, that "the fish rots from the head." They, "the board members and top managers," are lying and have cowardly tolerated Germany's technological decline. Now, as a consequence of their failure, he said, tens of thousands are losing jobs and are forced into poverty.

It is not sufficient just to drive these "elites" away, he said. They should be charged at the court of justice "for the cancellation of sound jobs." He concluded, "We can no longer afford to have amoral would-be elites."

Zambia

IMF responsible for collapse of democracy

More evidence that the policies of the International Monetary Fund and Lonrho Corp. are destroying Zambia was provided by the London *Economist* the week of Nov. 22. Under the title "Blame the IMF," it reports that the government of President Frederick Chiluba, elected two years ago with the backing of the British and the IMF crowd and heralded as a victory for "democracy," is disintegrating along ethnic lines.

Since August, things have begun to sour for Chiluba and his Movement for Multiparty Democracy (MMD), the *Economist* reports. "Chiluba, a former trade union leader, was expected to be a man of the people. Instead, his government has been dogged by allegations of corruption, and his voters have felt the sharp end of his IMF-backed economic reforms. For the first time in 30 years, state hospitals and clinics have started charging fees. Patients now have to pay for their own drugs. Tariffs for electricity and water, no longer fixed by the government, have spiralled. Subsidies for fuel and mealy meal, the staple food, have gone. True, the shelves of city stores are now lined with imported goods. But, since public sector wages were frozen in July (despite widespread strikes), people can barely afford basic necessities, let alone luxuries."

Furthermore, "with trade liberalized, Zambia's fragile industries have had difficulty competing with imports. More than three-quarters of its textile factories have closed in the past year, swamped by a deluge of cheap second-hand clothes from western countries. With inflation above 200% a year, and interest rates (during the first six months of the year) at 140%—now down to 90%—manufacturers and farmers have been squeezed. In a letter to the government leaked in the press on Nov. 12, Lonrho, a British multinational and one of the giants of Zambian agriculture, said it was pulling out of maize, wheat, soya and cotton. e closure of its cotton scheme alone will cost the jobs of more than 10,000 peasant farmers. Nearly a third of the biggest commercial farms have ceased production. . . . Wheat farmers, who grew a record crop in 1993, cannot sell it, because of a glut of subsidized American flour imported from South Africa. By the government's reckoning, 40,000 jobs—more than 1 in 10—in the formal economy have been lost over the past two years."

Science

China announces success in fusion energy

China achieved "satisfactory results" with its first experimental device for controlled thermonuclear fusion, a spokesman at the China National Nuclear Corp. (CNNC) announced on Nov. 23, the official news agency Xinhua reported.

"This has prepared China to catch up with countries most developed in the nuclear sciences in searching for the source of energy after the 21st century," he was quoted as saying. The equipment, dubbed the "reverse-field pinch experiment device," was installed in May 1991 at the CNNC-run Southwestern Institute of Physics of Chengdu in Sichuan province.

"Using the device, scientists are trying to break a new path for the search based on the theory that deuterium, a substance abundant in sea water, could be used in thermal nuclear fusion to generate electricity," the spokesman said. "That means that seas and oceans could become an inexhaustible powerhouse for the human race."

Labor

Belgian trade unions escalate strike actions

Belgian trade unions are escalating their protests against government austerity plans. On Nov. 26, a one-day general strike called by the two main Belgian trade unions, the Socialist and Christian Democratic trade union federations, representing about 2.5 million workers, was effective in shutting down public transport and the postal service, and in keeping most schools closed, Reuters reported. Airport flights were delayed, and the port of Antwerp was closed. The media have also been affected, with French-language newspapers closing down for the day. The trade unions designated the general strike as "Red Friday."

On Nov. 22, about 15,000 union members demonstrated in Antwerp, the second largest port in Europe, which was completely shut down by the strike.

The week before, the government announced its "social plan," which seeks to impose massive austerity in order to pay down the national debt. The measures include a three-year wage freeze, tax increases, and cuts in health spending and family allowances.

The unions, which are planning to stage a second one-day general strike on Dec. 10, have said they do not want to force the downfall of the current four-party coalition government, but to renegotiate the proposed plan.

Russia

Rent increases will boost housing crisis

Many more Russians will be made homeless by a 200% increase of rents and of expenses for other public services which is going into effect on Jan. 1, the German daily *Frankfurter Allgemeine Zeitung* reported on Nov. 24.

"Not only pensioners, handicapped citizens and families with many children fear that they will no longer be able to pay their rents, but also members of the so-called technical intelligentsia, scientists, artists, medical doctors and teachers. It will be a question of time only, before the next wave of beggars and homeless will hit the streets and central stations of Moscow."

On Nov. 2, Moscow Mayor Yuri Luzhkov introduced special "law and order" measures which led to the removal of all beggars and homeless from the streets of the city. What became of those thousands that have been arrested and deported, whether they received any medical and other aid from municipal authorities, is unknown, according to the daily.

Briefly

- **UKRAINE** cut off electricity to Hungary for five days, causing Hungary to turn to western Europe, the Hungarian state news agency reported Nov. 26. Hungary now buys less than 10% of its energy from former Soviet republics. Russia had cut off electricity supplies to Ukraine the previous weekend.

- **CHINA** has blocked a move by Rupert Murdoch's News Corp. to buy into Shanghai's *Better Life* magazine, Hongkong's government-run radio said Nov. 25. The joint venture would have been the first western-Sino publication to infiltrate China's tightly controlled media industry. Murdoch had recently attacked Beijing's control of media.

- **LAYOFFS** were announced at Philip Morris and NCR on Nov. 24. Philip Morris will cut 14,000 jobs, approximately 8% of its employees. The company is the largest private employer in Richmond, Virginia. NCR, the computer division of AT&T, announced cuts of 7,000 jobs, or 15% of its work force.

- **THE FEDERATION** of French Farmers (FFA) announced Nov. 22 that it is "considering widespread national and European action" against the General Agreement on Tariffs and Trade agreement, scheduled to be finalized by Dec. 15.

- **THE AIDS** epidemic is a strategic threat to China and more effort must be made to block the disease from spreading, a cabinet official told a Shanghai seminar, *Wen Hui Bao* reported Nov. 26. "Prevention and control of AIDS should always be treated as a strategic issue in China's modernization," he said.

- **THE RUSSIAN** Fuel and Energy Ministry has proposed cutting crude oil exports by 6 million tons to compensate for an unusually early and cold winter, Russian TV reported Nov. 25. Heavy fuel oil exports should also be reduced by 1.5 million tons, Fuel and Energy minister Yuri Shafranik said.