

Business Briefs

Russia

German adviser: Produce for the internal market

"Beware of western speculators who are operating in the dark brew of the market economy," Wolfgang Kartte, a senior German adviser to the Russian government, warned Russia, at a meeting of the Rhineland Savings Banks Association in Krefeld, Germany on June 7.

Kartte, the former head of the German anti-cartel agency who is now overseeing an investment project in the region of Vladimir, east of Moscow, said that the only investments that made sense and offered any chance for a future Russian small and medium-sized industry to emerge, were western investments in "Russian jobs producing Russian goods for the Russian market."

To give domestic production a chance against foreign dumping, Russia needed "protective tariffs," Kartte declared. He warned against the dismantling of the state sector industries and farm cooperatives. For Russia, "soft privatization" was to be preferred over shock therapy, he said.

Trade

Joint venture to license Russian technologies

Executives of two U.S. high-technology firms, joined by Russian Academician E.P. Velikhov, announced at a press conference on June 9 at the Russian Embassy in Washington that East/West Technology Partners, Ltd. has been formed to "market technologies from the former Soviet Union, in the West," according to the company.

The three partners are: the defense and high-tech firm BDM International, headed by former defense secretary Frank Carlucci; Intex (International Technology Exchange) Corp., which has been mainly marketing Soviet medical technology since the early 1980s; and a new Russian joint stock company, Technology Exhibition and Investment, Inc., "organized and managed by some of the most prominent scientists and Academicians in Russia."

The partners said that they are in the final stages of negotiations to license three Russian and Belarus technologies to western corporations, including a low-cost method of manufacturing of solar cells; technology for manufacturing printed circuit boards and other electronic components, entirely from aluminum; and a new technique for the non-destructive testing of silicon wafers for electronics.

East/West Technology Partners lists former Soviet technologies in advanced materials, organic and physical chemistry, materials processing, electronics, lasers and optics, medical technology, and advanced algorithms as among the fields of technology to which they will have access.

Jordan

IMF forces rise in fuel and kerosene prices

Jordan raised the prices of several oil products on June 9, and the government is also planning to raise consumer electricity prices, Reuters reported. The price hikes, taken under pressure from the International Monetary Fund (IMF), are intended to give Jordan access to increased World Bank aid, according to a government official.

Earlier this year the government raised the price of bread and stopped subsidizing animal feed. These measures are part of the IMF-directed "economic restructuring." Jordan, which has a \$7 billion foreign debt burden, last year launched its IMF-recommended, seven-year economic reform program to "liberalize its economy."

Astronomy

Hubble team determines distance to galaxy M81

A team of astronomers led by Jeremy Mould of Cal Tech announced on June 9 their calculation of the distance to galaxy M81, a large spiral in the constellation Ursa Major, at the semi-annual meeting of the American Astronomical Society in Berkeley, California. The new

method used is a step forward for astronomy.

Defensible estimates of the galaxy's distance have heretofore ranged from 4.5 to 18 million light years. Using the Wide Field and Planetary Camera on the Hubble Space Telescope, the team determined its distance to be 11 million light years, plus or minus 10%. Like all but a few astronomical objects, M81 is well beyond the point at which triangulation could be used to measure its distance.

Team member Barry Madore explained to *21st Century Science & Technology* magazine that the reliability of the method used (cepheid variable stars as distance indicators) is universally accepted among astronomers. Cepheid variables are pulsating stars that increase and decrease in brightness in fixed periods, with the length of the period proportional to their absolute brightness. This makes cepheids useful as distance indicators: Two cepheid variable stars at maximum may appear equally bright, but if one has a period twice the other, it must be twice as distant (and of greater absolute brightness).

Prior ground-based studies over years had only managed to resolve, and measure the periods of, two cepheid variables in M81, while the Hubble study detected 32 cepheids in 22 exposures of 20 minutes each, spread over 14 months.

Development

Russian newspaper covers Zepp-LaRouche

The May 18 issue of *Razvitiye (Development)*, an independent Russian newspaper linked to the construction industry, attacked monetarism in an article by Anton Polynov entitled "Monetarism—Road to Nowhere." The article was based on an interview with Helga Zepp-LaRouche, the wife of U.S. political prisoner Lyndon LaRouche and the president of the German Schiller Institute, done during her April visit to Moscow.

Polynov wrote: "LaRouche's political activity, his opposition to the policy of world financial organizations, his support for a moratorium on debt payments by Third World countries, and his impartial criticism of the economic policy of the American administration galvanized forces which launched politi-

cal slanders of LaRouche and his associates.”

Polynov quoted Zepp-LaRouche: “My husband proposed the idea of the Productive Triangle already in November 1989, when the borders opened and the Yalta order, which had reigned in Europe since the end of the Second World War, came to an end. The key question of this program is the development of infrastructure. Lyndon LaRouche proposed to unify the entire economic space of Europe and Asia in a single economic bloc. A triangle with its vertices in Paris, Berlin, and Vienna could become the cornerstone for development of the continent. The effective investment of resources into infrastructure, specifically in this triangle, could serve as a real locomotive for the economy of the entire planet. Even the obsolete productive capacities and potential of Russia, together with the countries of the former communist world, could make a substantial contribution to the implementation of this program.

“But, unfortunately,” she added, “things went in another direction. So-called monetarism became the dominant course. Only crazy people could decide in favor of this. . . . Russia tried to follow the Polish model, but the crash privatization and so-called liberalization of prices reduced ordinary working people to poverty, while the country itself became bogged down in hyperinflation and chaos. Instead of building a normal market, the monetarists robbed the country. . . .”

Environmentalism

Pesticide residue in food is ‘negligible’

There are 15 grams of carcinogens in two cups of coffee, the same amount of residue pesticide one would ingest from a whole year’s worth of food supply, Aaron Wildavsky, professor of political science at the University of California, said in a speech at a conference of the Independent Institute held in Washington on June 8. He concluded that if one were really worried about the nation’s health, one would try to get people to drink less coffee.

The conference, entitled “Hazardous To Your Health: Toxics, Torts and Environmental Bureaucracy,” focused on the legal and health issues arising from governmental regu-

lations.

Wildavsky pointed out that the amount of natural carcinogens we consume far exceeds that from man-made sources, and that these are thousands of times more potent. Animal cancer tests are practically worthless when applied to humans, he said, due to the incredibly high doses involved.

He observed that the essence of environmentalism has been to devalue science. Probabilities have been replaced with possibilities. Instead of working from what is known, we regulate against what might be.

Productivity

Vietnam’s labor force called not cheap enough

Worker productivity is so poor in Vietnam that even the cheapness of its labor costs may not offset the problem, Vietnamese officials are warning, the *Bangkok Post* reported on May 13.

Workers’ demands for even a survival wage could jeopardize Vietnam’s chances of attracting “investors,” warned Vu Huy Hoang, deputy director of Vietnam’s State Committee for Cooperation and Investment. Wages paid at garment, shoe, and leather goods factories are making Vietnam less competitive, he said. “If we increase our wages and salaries, I think we lose our chance to attract investment.” Joint-venture companies are required to pay at least \$35 a month to workers in Hanoi and Ho Chi Minh City, and \$30 a month outside those cities.

The *Bangkok Post* quoted a manager of a Thailand-based export company saying that higher wages in these industries “will cripple them before they get off the ground. . . . It is not Indonesia and the Philippines they have to worry about. It is China.” Indonesia’s monthly wage of \$50 is higher than Vietnam’s, but its workers are more experienced. Chinese wages are comparable to Vietnam’s, and its workers at least as productive.

Only about one-third of Vietnam’s textile workers are skilled enough to produce goods for export, the *Vietnam Investment Review* reported recently. Factories in Singapore and Thailand can produce twice the exportable goods.

● **‘GEORGE SOROS’S** highly visible venture into British real estate is a political move to prop up the business friends of Mrs. Thatcher,” a senior London banking source told *EIR*.

● **MALAYSIAN** Prime Minister Mahathir Mohamad began a 10-day visit to China on June 13, accompanied by more than 300 officials and businessmen. The delegation, one of the largest ever to visit China, will tour industrial sites and sign agreements with Chinese corporations.

● **DIPHTHERIA** in the Russian Federation has reached epidemic proportions, the *Weekly Epidemiological Record’s* mid-May edition reported. The outbreak has also spread to Ukraine.

● **TUBERCULOSIS** will kill 30 million people in the next 10 years, the World Health Organization estimates, based on the fact that TB is rapidly spreading all over the world and that the bacteria have become immune to many routinely used medicines. Most cases today are in Asia, Africa, and Latin America, but the disease is also spreading very rapidly in the United States, with the number of cases having increased by 12% since 1986.

● **IRAN** has managed to reschedule \$2.9 billion of overdue foreign debts, which may help it overcome its short-term debt crisis by early next year, economists and diplomats told Reuters on June 6. The debt is mainly to Japanese trading houses, including Marubeni, Mitsubishi and Mitsui. They have given Iran a 12-month grace period.

● **MALARIA VACCINE** developed by a team of Colombian scientists at Bogotá’s San Juan de Dios Hospital under the direction of Manuel Elkin Patarroyo, will be produced in large quantities by the end of this year. The Colombian government announced on June 8 that an agreement had been reached with the World Health Organization to build a plant and start production of the new vaccine.