

Business Briefs

Italy

Parliament threatens to block privatizations

The Italian Parliament will block privatizations of state-owned enterprises if the government does not accept a debate, the chairman of the House Banking and Finance Committee, Dep. Manfredo Manfredi (DC), warned in a letter to Treasury Minister Barucci, *Corriere della Sera* reported Oct. 28. Manfredi demanded that Barucci justify the proposed sale of Banca Commerciale and Credito Italiano.

Another member of the committee, Dep. Lanfranco Turci (PDS), has listed a series of questions on which the Parliament wants clarification from the government. Although the issues are more procedural than substantive, it is clear that they express opposition from several political factions to a sellout of Italian interests to foreign capital. Such plans, discussed on the British royal yacht *Britannia*, were exposed by *EIR*.

Bruno Trentin, leader of the CGIL, traditionally the strongest trade union, declared, "We are facing a political power struggle over who will dominate the privatized companies." Trentin added that "a serious search for criteria" is missing that could reassure the public on what the effect of the privatizations will be. The trade unions are planning a general strike to protest government economic policy.

Labor

VW threatens to fire every third worker

Volkswagen, the biggest German automaker, gave an ultimatum to its workers on Oct. 28, that they either accept a shorter work-week of 28.8 hours with no pay for the lost day, or the company will be forced to fire 31,000 (almost one-third) of its 108,000 employees in Germany. The short week would amount to a 20% cut in workers' income, something that has not been proposed since the Great Depression 60 years ago.

The ultimatum came following leaks that

VW management wanted to talk with the metal workers union about the introduction of a "temporary" four-day work week at reduced wages. The company has already cancelled all large new investments in eastern Europe, and wants to close down its entire Barcelona operation of SEAT in Spain with about 9,500 workers.

Meanwhile, the management of General Motors Corp. announced Oct. 26 that it intends to sue Ignacio López on charges of stealing corporate secrets. López, who worked for GM, joined VW earlier this year.

Finance

IMF under attack at economists meeting

The International Monetary Fund was attacked by Siro Lombardini, a senior economist, former Italian government minister, and chairman of the Enrico Mattei Center in Turin, in the keynote speech to the annual meeting of Italian economists, held Oct. 23-24 in St. Vincent in the Piedmont. Quoting *EIR* on the disastrous effect IMF shock therapy policies have had on Poland, he charged that such institutions are "largely responsible for the seriousness of the crisis hitting the economies of former communist countries of eastern Europe, and of the continued recession in western countries."

Lombardini appealed to the Italian government to demand changes in international economic policy. "Italy, which demonstrated that it is able to operate with a certain autonomy" in foreign policy, he said, referring to Somalia, "should solicit the revision of certain lines [of economic policy] that . . . make it difficult to adopt measures to solve the unemployment crisis and do not facilitate an effective solution to the problems, in matters of free trade, left open by the Uruguay Round. Even at the international level, mere competition is destined to hurt everybody or, at least, to prevent levels of affluence from being reached which are possible for everybody."

Lombardini said that "it will not be difficult for historians in the year 2000 to illustrate the serious responsibilities of the IMF. It pro-

posed to Third World countries, as a recipe for development, to *tighten their belt*. But how could they do that, given that there were no more notches? That . . . in those countries there was no serious policy of formation of human capital, that the relationships with advanced countries prevented an adequate valuation of resources (especially agriculture); all this was irrelevant for the IMF; they are 'events' that do not fit in the models which are employed at the IMF" (emphasis in original). The effects of IMF policies on "long-term development perspectives were negative," he said.

Lombardini said that "many economic measures are not imposed by witting interests, nor do they come out of evaluations of the possible effects," and, like "rituals of primitive peoples, are not explained by the wealth they procure, but by the necessity, presented by the guru, of expelling evil spirits."

Middle East

Israel close to deals with Arab states

Israel could sign multibillion-dollar oil and gas deals with several Arab states within six weeks, according to Israeli Energy Minister Moshe Shahal and other Israeli sources, the Oct. 27 London *Financial Times* reported.

Talks are said to have taken place with Qatar as early as last August for a gas pipeline project. Israel is converting its coal-fired generators to oil and gas. In addition, according to Yossi Maimon, owner of the Merhav Group, his company is in negotiations for the construction of a \$950 million project to build an oil refinery with Egypt. The Qatar deal includes a gas pipeline to the Israeli port of Ashkelon and a gas liquefaction plant.

Meanwhile, Israeli Prime Minister Yitzhak Rabin charged that Europe's inaction on the Gaza-Jericho project is against its own economic interests. In a speech at the Shasha Institute at Jerusalem University on Oct. 24, he said, the Europeans have so far hardly made use of the immense economic chances implied in the Gaza-Jericho plan, and have even fallen behind some of the Arab states which have be-

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gun to negotiate joint projects with Israel in power generation and other infrastructural areas.

Rabin pointed out that Egyptians, Israelis, and Palestinians have already discussed a joint project for electricity supply, Jordan and Israel are discussing common infrastructure projects, and one of the Arab Gulf states is willing to sign a contract with Israel for the construction of a gas pipeline. These Arab moves are especially important because the Arab boycott against Israel is still officially in effect, he said.

Medicine

Pasteur Institute makes discovery in AIDS fight

The Pasteur Institute in France announced an important discovery in the fight against AIDS, according to press accounts on Oct. 26. The institute said that they had found a receptor molecule on white blood cells, called CD26, that enables the AIDS virus to invade the cells.

This discovery has generated a lot of excitement among researchers because, apparently, all strains of the AIDS virus, no matter how it mutates, must use CD26 in order to gain entry into human blood cells. This opens up the possibility of developing a medication that could block CD26's receptivity.

While AIDS can also pass from cell to cell within the body without the mediation of the blood stream, a healthy blood supply would favorably alter the overall situation for the patient in the fight against the disease.

Africa

Economic development, not population control

The African Academy of Sciences has issued a statement distancing itself from a malthusian final document issued by international scientific academies meeting in New Delhi, in preparation for a meeting on population scheduled

next year for Cairo. The African Academy said that economic development, not population control, is needed for the continent. The Oct. 29 London *Daily Telegraph* characterized the statement as a "sharp criticism" of the document.

"Why are population control targets being thrust [sic] for all countries, when thousands of women in Africa suffer from infertility and thousands are killed there by civil war, famines, and AIDS? You cannot preach population control where you need economic development," the academy stated.

The *Daily Telegraph* indicated that there was further opposition to the final document than just from the African declaration. Twenty-six of the 83 invited scientific academies did not sign the document. "The most important dissidents were the Pontifical Academy of Sciences and the Irish Academy of Sciences, which adhered to the Roman Catholic abhorrence of contraception," the paper reported.

Infrastructure

Mitterrand seeks 'Great Projects' to unite Europe

French President François Mitterrand called for the construction of great infrastructure projects to unite western and eastern Europe, at the conference of European Community (EC) finance ministers in Brussels in late October.

Mitterrand proposed to finance projects in the transport and telecommunication sector with an ECU 100 billion loan (roughly \$120 billion). He said that he expects that Germany would cooperate in such an effort.

Also presented at the conference was a proposal by the European Community Commission to create 20 million new jobs in the EC by the year 2000. The proposal, which is a discussion paper in preparation for the upcoming EC summit, is a mixed bag. It includes proposals for the deregulation of labor markets and lowering the costs of labor, as well as for better education and training, and more money for research and technological innovations, such as in telecommunications and biotechnology.

● **CHINA** hosted delegates from 43 nations for talks which began Oct. 26 on developing water resources as part of efforts to bring peace to the Middle East. The talks focused on wastewater treatment, desalination, and rain water collection.

● **TURKMENISTAN** embraced International Monetary Fund-backed "market reforms," and Deputy Prime Minister Boris Shikhmuradov told Reuters on Oct. 26 that most prices would be freed on Nov. 1, the day it introduces its own currency, the manat. The government plans to retain a 51% stake in the oil and gas sector.

● **HENRY KAUFMAN**, former chief economist of Salomon Bros., called for international regulation of the derivatives risk, in a speech to the City of London Conference on Derivatives. "I believe that the risks involved with financial derivatives may not be fully appreciated either by the market participants or the regulators," he said.

● **100,000 GERMAN** construction workers protested in Bonn against planned budget cuts that imply the cancellation of bad-weather pay and would affect about 300,000 jobs during the winter. Firms would be forced to subsidize or lay off workers, a practice that stopped in 1958, when the special pay was introduced.

● **RUSSIA** plans to open oil companies to private investment, said Dmitri Vasiliev, a senior State Property Committee official, the Oct. 27 *Houston Chronicle* reported. The *no-menklatura* and speculators are the only people in Russia with any funds to invest.

● **THE CENTERS** for Disease Control in Atlanta, Georgia says that it has made progress in preventing measles, but the situation for other childhood vaccinations is worse, AP reported Oct. 29. CDC cited low vaccination rates for diphtheria, tetanus, whooping cough, and polio.