

Business Briefs

Africa

Kaunda blames IMF for wars, debt

Zambian Presidential candidate Kenneth Kaunda attacked the enormous debt burden of African countries, and blamed the International Monetary Fund (IMF) for wars in Africa, in a speech in Glasgow, Scottish press reported on Feb. 9. "Is it surprising that we have civil wars, is it surprising that there is social and political disintegration throughout southern Africa?" he asked. He said that Africa is bonded in "debt slavery," and reported that of £225 million of aid given to Zambia in 1995, the majority of it went to pay the debt.

Kaunda was run out as President of Zambia in 1992, amidst heavy complaints in the British and American press that he did not implement the IMF's structural adjustment program.

He was speaking at a conference organized by Debt Crisis Network, an operation composed of 40 British charities. The Network is organizing a "postcard campaign" to get 30,000 messages to IMF Managing Director Michel Camdessus asking for debt relief for African countries.

Economic Policy

Papua New Guinea gov't clashes with World Bank

World Bank negotiators flew out of Papua New Guinea for Australia, to brief Australian finance and foreign aid officials on the likely future of a \$478 million rescue package for Papua New Guinea, the *Australian* reported on Feb. 29. The departure came after the World Bank team's leader, Iranian economist Pirouz Hamadian Rad, received a letter from a senior Papua New Guinea official, Morea Vele, which complained about Rad's attitude, "mood swings," and threats, and said continued talks would not be fruitful. "Therefore it is my intention to recommend very strongly to the secretary of finance to allow you to carry out your latest

threat to leave Port Moresby [the capital] and for the government to deal directly with Washington to continue the discussion," Vele wrote.

Prime Minister Sir Julius Chan denied that the team was forced to leave.

The World Bank team was auditing the government's implementation of the World Bank's structural adjustment program, upon which hinged a total of \$700 million in loans over the next few years. The Bank criticized the government, including for allowing six new forest projects to go ahead, "inadequate progress with trade liberalization," and the granting of a 6.5% pay rise to public servants, instead of slashing the public service by 3,500 employees. The bank also does not like the idea of the government setting up its own infrastructure: It has expressed "concern about the government's failure to facilitate the delivery of more of its resources through the churches extensive rural education and health networks," and has held discussions with non-governmental organizations and churches to "discuss the development situation."

Asia

China outlines plans for infrastructure

China will focus on construction of seven national highways and three main water transport channels during the current (1996-2000) Ninth Five-Year Plan, *China Daily* reported March 2. China plans to develop two water navigation networks, and its first international shipping center, in Shanghai.

In the next five years, the Ministry of Communications said, China will build 110,000 kilometers of highways, including expressways. These will link Tongjiang in Heilongjiang province in the northeast, to Sanya on Hainan Island in the far southeast; Beijing, to Zuhai in Guangdong, in the southeast; and Shanghai, on the east coast, to Chengdu, capital of Sichuan province, in China's interior.

The seaport projects will include building over 200 berths, able to handle 300 million tons of coal, containers, and other

raw materials a year. To help make Shanghai, China's largest port and industrial city, into an economic, trade, and financial center in East Asia, more ports will be built in the neighboring provinces of Jiansu (to the north) and Zhejiang (to the south).

China will build three river transport channels to improve current water transport: on the Yangtse River, on the Xijiang River in south China, and the Beijing-Hangzhou Grand Canal. Some 2,400 km of inland waterways will be overhauled.

Biological Holocaust

WHO issues warning on zoonotic diseases

The World Health Organization (WHO) has issued a series of reports warning of the dangers facing mankind because of the massive outbreak of zoonotic (animal-borne) diseases around the world. In order to deal with these dangers, in October 1995, WHO incorporated the activities of its Veterinary Public Health unit into its newly created Division of Emerging and Communicable Diseases Surveillance and Control.

The reason it did this, WHO said, is that "a significant proportion of the emerging human infectious diseases which occurred recently were due to an infectious agent transmission cycle which involved an animal host (non-human primates, wild ruminants, rodents, domestic food animals, etc.) or consumption of food of animal origin." WHO warned that "it is very likely, in view of the foreseeable global changes over the next few decades that this trend will continue and even increase, especially in view of HIV-AIDS pandemic."

The reports warned that "expenses related to the prevention of these diseases in people are likely to increase dramatically in these countries in the near future, if no programs for their control in animal reservoirs are implemented." These diseases include brucellosis, toxoplasmosis, leptospirosis, anthrax, shigella, rift valley fever, and bovine tuberculosis.

One of the salient points in the WHO reports, is that environmentalist policies

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have played a major role in the explosive rise of these animal-borne diseases. For example, there has been a rise in rabies in the United States and Third World nations, while the European nations that conducted a rabies vaccination of wildlife have reduced the incidence by 80%. The environmentalists have fiercely opposed this campaign.

Another problem is the rising death toll from food-borne illnesses, which will become more serious as a result of the ban on chlorofluorocarbons (CFCs). WHO proposes widespread food and feed irradiation to control such illnesses.

WHO considers foodborne diseases to be one of the most widespread health problems in the world. In developing countries, up to 70% of all diarrheal disease in children under the age of five may be of food-borne origin. Overall, about 1.3 billion diarrheal disease episodes are estimated to occur annually in children under the age of five; over 3 million of these cases are fatal.

Finance

Germany extends China credits for power plant

Germany will provide export credits to build the Rizhao power project in Shandong Province, arranged by Chancellor Helmut Kohl during his trip to China in 1995 and signed a few months ago, despite the Chinese refusal to provide official government guarantees, the Feb. 15 *Far Eastern Economic Review* complained. "In the past, export-credit agencies from the United States, Europe, and Japan had informally agreed not to supply concessional funds for Chinese infrastructure projects without such guarantees." An unnamed Hongkong lawyer is quoted saying: "The Germans broke ranks. That greatly irritated the other . . . [nations which] had been trying to shape a common front."

The plant, for which Siemens is supplying most of the equipment and taking a 12.5% ownership share, will be run by the Chinese. "Most foreign power firms are more interested in build-operate-transfer schemes," the magazine commented.

This action has an historical precedent, which may well create fear amongst those

who are planning the renewal of the British Empire in Asia. In 1920, under the direction of Thomas Lamont of the Morgan banking group, Britain, France, Japan, and the United States formed the "New Four Power Consortium," for the purpose of regulating foreign investment in China. The effect was to totally eliminate credit to China. In its 17-year existence, not a single loan was issued to China either by the Consortium powers or any nation under its influence. The Germans broke this virtual blockade, first by providing military assistance to Chiang Kai-shek against the warlords and the communist insurgents. Then, in 1934, through the efforts of industrialist Otto Wolff, Germany signed a trade treaty with China in which China, for the first time in its modern history, was fully equal and independent.

Industry

German machine-tool firms in maelstrom

The Association of German Machine-Tool Producers (VDW) reported that its 300 mostly middle-sized member companies are in a precarious financial situation, at a press conference in Stuttgart on Feb. 27.

Indebted, and with nearly no capital of their own, leaving them at the mercy of the banks; hit by currency exchange fluctuations, new taxes, environmental laws, and other overhead burdens; and forced to sell their products below cost to big industry which threatens to look for cheaper supplies abroad, the producers of machine-tools have been unable to benefit from the relative machine-tool "boom": 18% more contracts in 1995 than the year before, and another 10-15% increase expected this year.

Many firms are incurring losses despite (or, rather, because of) the "boom." Most firms will not employ more workers because they are streamlining production in order to "reduce risks," and are tending to increase output of a smaller array of products. The VDW warned that there is a high risk that many firms will crumble under such conditions. It called on the government to reduce the tax burden and the energy and labor costs of production.

RUSSIA, IRAN, China, and India have formed a new multilateral Asian Fund for Thermonuclear Research to collaborate in the construction of a new experimental thermonuclear reactor, to be completed by 1998, Russian Academician Yevgeni Velikhov, head of the Kurchatov Institute, announced on Feb. 29.

POLAND is experiencing deepening poverty, in which 40-50% of Poles live below the so-called social minimum income of about 250 zlotys (\$100) per month, and 6-10% below the so-called existence minimum of about \$48 a month, PAP news agency reported on Feb. 27, based on figures released by the government Institute of Labor and Social Issues.

IRAN has extended \$230 million in credits to China for the purchase of locomotives and passenger cars for Teheran's new subway, according to Xinhua news agency. Another \$270 million will be delivered by March 20. China will also be responsible for electricity, signalling, and ventilation.

THE MERCHANDISE trade deficit of the United States for 1995 soared to \$174 billion, a record. Because it ran a \$63 billion trade surplus in services, the overall 1995 U.S. deficit for goods and services was \$111 billion.

CANADIAN unionists, teachers, nurses, welfare recipients, and social activists over 100,000 strong rallied in Hamilton, Ontario on Feb. 24, against the Conservative Party government of Prime Minister Mike Harris, elected last June on a program of budget and service cuts called the "Common Sense Revolution," modeled on the Contract with America of U.S. House Speaker Newt Gingrich.

NIGERIA is facing outbreaks of meningitis, cholera, measles, and diarrhea in the northern state of Kano, and about 15,000 lives, mostly children, were lost in February, Health Minister Ihechukwu Madubuike said on Feb. 27.