Business Briefs

Labor

Next demonstration set for Ontario on April 19

The third in a series of labor demonstrations in Ontario, Canada has been scheduled for April 19, the Toronto *Globe and Mail* reported on March 13.

The first demonstration, in December, in London, drew 15,000. The second, at the end of February, in Hamilton, drew 100,000. The next is set for the heavily working class area of Kitchener-Waterloo, where the auto parts industry, currently shut down by the General Motors strike, is concentrated. The strike will target the Conservative provincial government of Mike Harris, which wants to repeal a law that prohibits the use of non-union help during a strike. The strikers are also protesting proposed spending cuts of $8 billion over the next three years.

Gordon Wilson, president of the Ontario Federation of Labor, said that the Ontario Public Service Employees Union strike, with 55,000 picketers province-wide, is a "mini-general strike" already. Negotiations are continuing, but there is little chance of a quick settlement. Steelworkers and teachers are joining the picket lines.

Ibero-America

IMF will 'liquidate' Peruvian industry

Eduardo Farah Hayn, the president of Peru's National Society of Industries (SNI), charged that the International Monetary Fund (IMF) program for Peru will "liquidate" national industry, in a speech to the 10th Foreign Trade Convention in Lima, Peruvian press reported on March 7.

The IMF, supported by Economics Minister Jorge Camet, is demanding hikes in the price of gasoline, severe cuts in the government's health, education, and social security programs, accelerated privatizations, reductions in labor benefits, and lowering of tariffs to a flat 15%. According to the press, President Alberto Fujimori is hesitant to put the package through, and a group within his cabinet has proposed, instead, that the government institute capital controls, government intervention to set the exchange rate, and import restrictions.

Farah Hayn warned that "national industry is drowning . . . and if anyone is thinking, as the IMF says, of raising taxes in the short term, later we will see the consequences of this recipe." The proposed flat tariff "will end up liquidating the industrial sector," which is already operating at only 30-40% of capacity, he said. Industry is "the only thing that can save the country. Peru cannot live on services," he argued; the country requires a domestic market for industry, and exports of "value-added" goods.

Corporate Affairs

Anglo-Dutch firm has vast funds for buy-outs

The Anglo-Dutch giant Reed Elsevier has a $5 billion pool of funds available for acquiring other companies, and is especially interested in buying up U.S. professional and business-to-business publishing operations, the London *Financial Times* reported on March 14.

Reed, of Britain, and Elsevier, of Holland, merged a few years ago, to become one of the largest publishing and information services in the world. It dominates scientific publishing, owning some 1,100 academic journals published around the world. Academicians and scientists are outraged by the steep prices Reed Elsevier charges. *Forbes* magazine reported on Dec. 18, 1995, for example, that 114 issues a year of *Brain Research* cost $14,000. In 1994, Reed Elsevier's academic publications had revenues of $600 million, on which it made profits of $225 million.

Reed Elsevier is thus the king-maker of the science mafia. "Tenure depends on a peer group saying that a [research] product is as good or better than anyone else's. The place that happens is in the scientific journal community," Reed Co-chairman Ian Irvine gloated.

In December 1994, Reed Elsevier bought Lexis-Nexis, the second-largest U.S. legal publisher and the largest data base for publication retrieval, from Mead Corp., for $1.4 billion. Reed Elsevier also owns Congressional Information Service; Butterworths, another U.S. legal publisher; and Martindale-Hubble, the publisher of the standard U.S. legal services directory.

The largest U.S. legal publisher, West Publishing, is now being bought by Thomson Corp., a Canadian firm, for $3.4 billion. Thomson's founder was made Lord Thomson of Fleet by Queen Elizabeth in 1970. By 1992, Thomson owned 40 daily and 30 weekly newspapers in Canada, and 123 daily and 40 weekly newspapers in the United States.

Egypt

Unions offer alternate economic program

The General Federation of Labor Unions (GFLU) in Egypt has drawn up an alternative economic program, counterposed to the Egyptian government's privatization mania, said union Chairman Al-Sayyid Rashid, *Al-Arabi* reported on Feb. 26, according to the Foreign Broadcast Information Service.

"The world has started to back down on implementing the economic privatization programs which ignore the public and private economy's social role. The United States still has a public sector. It also still has the right to supervise and intervene in all industrial establishments owned by the private sector," Rashid said. He added that when even the World Bank's new management has spoken of risks of privatization plans that lack a "social dimension," it is clear that the tide is turning against such a policy. In spite of what the Mubarak government is doing, i.e., selling everything, "there is a retreat from privatization now, a reassessment. The international trend is increasingly moving to a return to a full State role in planning, guidance, and participation in the country's economy. . . . Hence I am astonished by the government's haste in putting the public sector up for sale. If the government is doing so to implement an agreement it has signed, then we say that this agreement is not holy scripture or a constitution."

The GFLU is not opposing privatization across the board, but is against privatizing the public sector and breaking up "Egypt's huge industrial citadels," a stand which President Hosni Mubarak has historically at least paid lip service to.

China

Foreign management of railroads rejected

China's State Council (the cabinet) has rejected a plan from the Ministry of Railroads which would allow foreign investors to invest in and manage China's rail system because of a lack of funds domestically, the *Ming Pao* daily reported on March 11.

Beijing disagrees with any proposal that would give up China's full control over the national rail system, first, in order to prevent State capital outflows; and second, to prevent interference in China's backbone industries, such as the transportation sector, the daily said.

China's policy encourages investment in railroads, in terms of advanced technology imports and overseas transportation expansion, but not joint-venture deals on new railroad projects.

Food Supply

FAO warns of danger of mass starvation

Jacques Diouf, the director of the U.N. Food and Agriculture Organization, warned that the world is facing the threat of mass starvation, the Mexican daily *Excélsior* reported on March 12. In a press conference in the Mexican Presidential palace, Los Pinos, given with President Ernesto Zedillo at his side, Diouf was blunt: 800 million people are already affected by the global food shortage, and by the 40-50% increase in the cost of basic grains over the recent period; if there is any climatic change in one or two of the principal food exporting countries, mass starvation could result.

Diouf told Mexico's Chamber of Deputies that world food stocks are down to the levels of 30 years ago, and "what is worst of all, is that this is not a conjunctural, but a structural, condition." For the first time in nearly 20 years, world grain reserves in the international market are 4% below the minimum level of food security, he said.

This problem cannot be resolved at the level of the ministries of agriculture, because world finance is involved, he said, pointing to the rise in the price of basic grains, which has increased food import costs of the developing countries by almost $3 trillion. "The challenge of the world food problem, is the responsibility of Heads of State and governments," he said.

Finance

Abandon nation-states, says German banker

Nation-states have to be abandoned, because they are incompatible with globalized financial markets, Helmut Hesse, president of the central bank of the three German states Lower-Saxony, Saxony-Anhalt, and Bremen, said in a speech at a Feb. 9 bankers symposium in Bayreuth, Bavaria. His speech was printed in the Bundesbank (German central bank) newsletter.

In the last quarter of the 20th century, the "political world order" and the "economic world order" have "more and more become incompatible," Hesse said. On the one hand, we have the sovereignty of nation-states, and on the other hand, "the increasingly stronger State-less forces of the market." But, rather than urging that the nation-state reassert control in the interest of productive activity, he proposed that the incompatibility be overcome by abandoning the nation-state. We have "to face the fact" that, due to globalized markets, governments "in most cases anyway have no other choice than to fulfill the orders of the markets." We have to remind people of the saying, "Governments do not solve problems, they are the problem."

Nation-states have to transfer power to "State-less representatives of supranational institutions." National governments these days are too weak to do what has to be done, i.e., impose austerity.

Briefly

PAPUA New Guinea Prime Minister Sir Julius Chan said his government had not asked a World Bank team to leave the country recently, but "if they are not able to reason, they can get out." The failure of World Bank programs had "destroyed many countries," he said.

THE BIRTH RATE in Poland in 1995 was the lowest (46,000 births) since World War II, the government Population Commission said in a March report, the daily *Rzeczpospolita* said. The data is more indication that all governments since 1989 have been lying about economic growth, which supposedly was over 5% last year.

BRITISH Chancellor of the Exchequer Kenneth Clarke began a 10-day trip to South Africa and Zimbabwe on March 15, according to a British Treasury source. The discussions were to focus on "privatization" of the economy and modifying the stock exchange, so that its practices approximate more those of the City of London.

MOZAMBIQUE Trade Union Federation General Secretary Soares Nhaca asked the World Bank to write off the nation's debt, on Feb. 28, Maputo Radio reported. Nhaca said that since the Economic Recovery Program began in 1987, its foreign debt has increased dramatically and poverty has deepened.

ROMANIAN metro workers struck for the fourth consecutive day on March 7, in defiance a Supreme Court order to return to work. They are demanding a 28% pay raise. Also, 5,000 metal workers from various cities marched in Bucharest demanding protection for jobs in heavy industry.

RUSSIA will join the Paris Club of creditor nations, a Russian official said on March 14. Russia owes the club $38 billion, but once it joins, chances will increase that nations such as Kenya, Ethiopia, Nicaragua, and Angola will pay debts they owe to the former U.S.S.R., which total nearly $130 billion.