

Business Briefs

Russia

Duma battle grows with privatization ministry

The Russian Procurator General is reported to have agreed, following a meeting with the head of the Duma (parliament) Auditing Chamber, which has been investigating corruption and abuses in the privatization ministry, that there appear to have been violations of the law by individual officials responsible for the privatization process. Legal action is expected to be initiated against Petr Mostovoi and Alfred Kokh, deputy chairmen of the State Property Committee (GKI), on charges of abuse of office, according to an April 4 Interfax report.

Chairman of the Auditing Chamber Veniamin Sokolov made it clear on April 4 that the Duma will continue its investigations. Denationalization has "failed to improve the efficiency of the Russian economy," he said, and confiscation might be necessary. He called for a halt in mass-scale privatization and for the creation of a state inventory and property commission which would rule "who owns what in the country."

Aleksandr Kazakov, head of the GKI, told Interfax that the Procurator General was unlikely to challenge the results of last autumn's "loans-for-shares" auctions in the Court of Arbitration, or to invalidate their results. However, he said that if the communists win the Presidential election, "deprivatization" and confiscation could not be ruled out.

Finance

Markets controlled by 'lunatics,' says Schmidt

Former West German Chancellor Helmut Schmidt warned that financial markets are controlled by lunatics, on the TV station ARTE on March 28, the March 30 *Frankfurter Rundschau* reported. Schmidt, a monetarist and a malthusian, is not challenging the insanity of the current global financial system, or its proximity to collapse, but wants to make the system more "rational."

"Global financial markets today are

completely different from those 20 years ago. They are characterized today by extremely short-term, fantastic operations, performed by young people of 25 to 35 years of age. We are dealing here with futures and options and options of options. And every day there are 50 to 100 times more money moved at future markets, than there are goods and services traded," Schmidt said. "These are lunatics, who are playing around with money. And therefore, we should not care too much about what the markets are demanding. The directors of our big banks often don't understand what these young people are doing."

Schmidt appeared on the program with former French President Giscard d'Estaing, who are described as "the architects of the European Currency System." In 1992-93, France, Germany, Britain, and Italy "capitulated to the markets," Schmidt said, and effectively cancelled the European Currency System.

Schmidt said that there is a "wave of speculation on world financial markets." However, he foolishly suggested that a currency union in Europe, even among only Germany, France, and the Benelux countries, could create a regional island of stability.

South Africa

Soweto residents may go after British gold find

A major gold strike by the British mining company Tringor Minerals has been made under the black township of Soweto at the edge of Johannesburg, the *Sowetan* newspaper reported in March. "The gold deposits were discovered last year," said the paper, "but the news was kept secret. . . . About 4 million residents of Soweto will be moved and resettled in Krugersdorp . . . in the next 18 months, following the discovery of a mammoth gold-bearing reef below the sprawling township complex." A government spokesman said the government "is very excited about the discovery," because the gold will push up export earnings and "encourage prospective investors."

The British mining company said that "new townships were already being planned

. . . to house the millions of people who would be removed from Soweto." The paper reported that perhaps a "tiny portion of Soweto," maybe 10 or 15 houses where African National Congress (ANC) leaders Nelson Mandela and Walter Sizulu once campaigned, "can be saved for posterity, but the rest will have to go."

One of the worst crises the ANC faced upon assuming power, was to provide decent housing for millions of people who are either homeless, or virtually so, living in shacks. Only a few tens of thousands of housing units were constructed last year, according to some reports. To consider moving 4 million people, therefore, would seem unthinkable. The article has caused an uproar in Soweto, with people asking if the ANC government is mad, greedy, or both. Given that the British are involved, a destabilization of the government might be the intent, whatever the truth of the bizarre affair may turn out to be.

A South African observer told *EIR*, "I think the British are out to destabilize this country for a very long time to come."

Australia

Quarantine service ordered to cut costs

Under the headline "Quarantine Staff Fear Budget Razor," the *Courier Mail* reported on March 25 that Federal Primary Industries Minister John Anderson has ordered the Australian Quarantine and Inspection Service (AQIS) to cut costs, as part of the new conservative federal government's plans to balance the budget. Anderson is a member of the prime minister's "razor gang," a parliamentary group responsible for making the cuts.

The cuts raise concerns that the AQIS will be unable to protect Australia's industries from diseases and pests. Only last year, Anderson's National Party, then in opposition, accused the governing Labor Party of being responsible for the incursion of the Papaya fruit fly into north Queensland because of cuts to quarantine staffing levels. The size of his cuts won't be known until August when the budget is released, but cuts are expected in meat inspection, production, and export operations.

Briefly

Such budget-cutting has raised broader concerns. Prof. Malcolm Fisher, head of the intensive therapy unit at Sydney's North Shore Hospital, told a national bioethics conference in Sydney on March 25 that Australia was in danger of going down the path of Holland, where treatment is being withdrawn from patients as a way of cutting costs, the *Australian* reported. "The only model we have is Holland and financial pressures play a part there," Fisher said. "It is quite frightening that there is the risk here that euthanasia will become driven by financial management."

A euthanasia law, called the "Rights of the Terminally Ill Act," was passed in the Northern Territory Parliament last May, and is expected to be operational by August. Euthanasia is also being debated in the New South Wales Parliament, and legislation is being prepared which Fisher described as "dangerous."

Fisher said that case-mix funding, which was introduced in the state of Victoria by Thatcher clone Jeff Kennett, and which provides funding based on the average cost of services so that hospitals compete for patients, provides hospitals with an even greater potential for carrying out euthanasia for financial reasons. "I'm not saying that hospitals would do it but the risk is there. The best way for a hospital to get ahead financially is for the patient to die on day one," he said.

Poland

Thatcherism has brought Manchester capitalism

After nearly six years of Thatcherite economic "reforms" and the end of the Lech Walesa era (illustrated by Walesa's return to the Gdansk shipyard on April 2), the condition of Poland's labor force in the fast-growing private sector economy recalls the "unbridled Manchester capitalism" of 19th-century Britain, the German daily *Tagespiegel* commented on April 3. The paper concluded that "more German expertise and support is required" to improve labor's situation.

"Workers have almost no rights, and the few that are written down on paper cannot

be realized in practice," the paper said. "It is depressing to witness that, for example, the salary of saleswomen in private bakery stores or other small shops is nominally cut by a two-digit inflation rate—with the cynical advice that whoever dislikes that, can quit immediately, because many jobless are just waiting for the job."

Many company owners consider the profitability of their employees to be their profit, which is owing to their own cleverness, and which they do not have to justify. "This, however, means a threat to social peace and to the young democracy over the medium term," the paper said. "The people must be won over to the new political and economic system. Poland could learn from the example of the young Federal Republic of Germany, the economic miracle of which was, after all, based on fair cooperation among social partners." The paper urged that active labor unions be built up in the private sector economy, which also require a partner for negotiations: "an association of entrepreneurs authorized to sign binding agreements."

Dope, Inc.

Capital inflows tied to drugs, officials fear

"There is growing concern among international regulators that a major part of capital inflows into the high-growth countries of Asia are tied to drug money laundering," a European banker told *EIR* on April 2.

"I just returned from a trip to Thailand where you see a bizarre fact of a huge balance of payments deficit, yet a monthly cash inflow from abroad exactly matching the deficit. Huge sums of illegal money are being laundered into and out of Thailand via real estate construction based on fraudulent billing. The same is more or less the case in Jakarta, Kuala Lumpur, and other high-growth Asian capitals," the banker said.

"The real crisis, which is drawing the recent concern from the IMF [International Monetary Fund] and certain governments, will come when these capital inflows stop because the real estate market in a locale is saturated. This is now showing signs of beginning in Thailand."

THE ONTARIO Public Service Employees Union won its strike against the Progressive Conservative government of Prime Minister Mike Harris on March 30. It was the first civil service strike in the province's history, and was launched to stop the worst union-busting aspects of a major downsizing of the government workforce. Harris is tied to the Gingrich crowd in the U.S. Congress.

GEORGE SOROS is backing Westfield Holdings Ltd. in its campaign to buy part of the forthcoming \$2 billion Sydney Airport privatization, the March 26 *Australian* reported. Westfield is a shopping center developer owned by Frank Lowy, a backer of the neo-con *Australia Israel Review*, the main anti-LaRouche propagandists in Australia.

HEALTH BUDGET cuts in Australia, which are forcing the release of psychiatric patients, may help to explain the high incidence of fatal police shootings, many of which involve mentally ill people, Victoria state Chief Magistrate Nick Pappas said on April 1, the *Herald Sun* reported. Victorian police have been responsible for three times the national average of fatal shootings.

DERIVATIVES trade daily turnover in Frankfurt has more than doubled since January, according to London bond market sources. "This is related to the high degree of uncertainty lately about future moves in Bundesbank interest rates," he said.

CORN PRICES have increased more than two-thirds in the last year, the April 1 *Wall Street Journal* reported. But they are still far below a parity price. On March 29, the USDA estimated that U.S. supplies of corn on March 1 were 3.8 billion bushels, 32% below 1995.

CHINA dramatically reduced import tariff rates on April 1, from an average of 35% to around 23%, in an attempt to join the World Trade Organization, the Chinese *Economic Daily* reported.