

Business Briefs

Poland

Economy reaches the breaking-point

The devastation of the Polish economy that has been caused by the International Monetary Fund "shock therapy" policies of the past several years, has entered a dangerous new phase. Leading Polish political figures think that the situation is reaching a breaking-point, with the limits being reached, of the population's ability to tolerate the continuing decline in living standards and demographic collapse.

Recently released official statistics show that, for the first time since World War II, Poland last year experienced negative population growth. Simultaneously, the number of marriages has collapsed, to the point that there were fewer marriages in Poland last year, than there were in Austria, a country with one-fifth Poland's population. The basic reason for this is economic: Young Poles cannot afford the necessities that go along with marriage. Sixty percent of married couples in the 22-34 age-range live with their parents, because they cannot independently afford housing.

Last year, construction of new apartments reached the lowest level since World War II. Simultaneously, there is a precipitous collapse in sectors such as shipbuilding, steel, coal mining, machine tools. The last industry was so advanced only two decades ago, that Poland was even exporting machine tools to the United States. There is also an emigration by many of the country's best scientists, as spending for science by the government has dropped from around 2% of net national income to around 0.5%. The agricultural sector is being undermined by "free trade" policies, through which low-priced foreign imports are undercutting domestic production.

What makes matters more dangerous, is the grip on Polish economic policy of speculator George Soros, and his spiderweb of foundations and "academic" institutions. As he himself boasts in published writings, it was Soros who first brought shock-therapy fanatic Jeffrey Sachs of Harvard into Poland, back in 1988. The Polish branch of the international pro-drug-legalization Soros Foundations is the Warsaw-based Stefan Batory

Foundation, on whose board sits many of the "liberal" politicians who sponsored the shock therapy policies, such as former Finance Minister Leszek Balcerowicz. (More details on Soros's antics are in *International Intelligence*.)

South Africa

Fight under way over control of Central Bank

The battle over South Africa's economic policy has escalated. On May 27, Sam Shilowa, general secretary of the Congress of South African Trade Unions (Cosatu), apparently threatened to mobilize his union apparatus to push for direct government control of the independent Central Bank. Although the details are not reflected in May 28 wire reports, economists from the Standard Bank and South African universities insisted that Shilowa be put in his place by President Nelson Mandela upon Mandela's return from Germany.

Shilowa and his assistant Zwelinzima Vavi complained that their business counterparts in negotiations on a labor pact treated them as though they were stupid. "They thought we would easily swallow Thatcherite positions. . . . They did not contend with us being able to put before them a well-researched, coherent document. We are not partners, we are opposing parties. If anyone thinks we can kiss and hug, then they are wrong," Shilowa said.

On May 21, a South African source explained to *EIR* that economic policymaking has been effectively taken out of the hands of the African National Congress-led government: "All the macroeconomic modelling capacities have been shifted exclusively to the Central Bank. . . . So now we've got some ANC ministers in place in the Finance Ministry, the Trade Ministry, and so on, but there are virtually no economists in those places. The Finance Ministry, their job is basically accounting." This shift, he said, was accomplished prior to April 1994, when Mandela came in: "We're pretty sure this was deliberate. . . . The plan was to monopolize macroeconomic modelling capacities in the Central Bank. So you allow ANC minis-

ters—their job is police the budget—but any capacity to provide *strategic* macroeconomic leadership from the Finance Ministry is extremely limited. So we are working very rapidly to try to correct that—not just to live with it."

"The good news here," he said, "is that there is more resistance to some of those neoliberal assumptions, and it is more broad-based than it was perhaps a year ago. . . . Contrary to the accepted common wisdom, no economy has managed to grow, get out of war-time ruin, colonial backwardness, or serious economic trouble following the recipes that are being advocated to the Third World or to the former Soviet world currently."

Infrastructure

China to launch Yangtze River development plan

A meeting in Shanghai this summer of the governors of the seven provinces in the Yangtze River region (Jiangsu, Anhui, Hubei, Jiangxi, Sichuan, Yunnan, and Qinhai), will kick off the grandest regional development plan in the recent decade, the Chinese paper *Singtao* reported from Hongkong in May. The plan is officially termed the Yangtze River Grand Development, and the meeting could be as significant as the conference on the new Eurasia land-bridge held in Beijing in May.

The Yangtze River region is given priority out of four economic regions outlined in a supplement to the Ninth Five-Year Plan. The other three are the Pearl River Delta of Southeastern China; the Bohai Bay region of northeastern China, headed by Beijing; and Tianjin. The Eurasia land-bridge region stands alone as the biggest but most underdeveloped in the country.

Meanwhile, a new, 4,000-megawatt nuclear power station on the Yangtze River is under study by the China National Nuclear Industry Corp. and the Ministry of Power Industry. The plant would be built in Maozishan in eastern Jiangxi province, and would have four generating units, two to be installed during 2001-05, Xinhua news agency reported.

Agriculture

Business leaders demand second Green Revolution

The urgent need for a second "Green Revolution," to dramatically increase food production, was the demand of nearly all speakers at a conference of the International Fertilizers Association in Berlin in May, *Agra-Europe* reported on May 28.

If the world wants to fight hunger, agriculture has to be intensified, and all policies inhibiting food production, such as ecological regulations and set-aside programs, have to be dropped, Mr. Thomaschewski of the German industrial firm BASF demanded. The key to upgrading production is the increase of fertilizer input, better seeds, and greater mechanization, he said.

Speakers pointed to the fact, that input of fertilizers is in general much too low. In Africa, it is 21 kilograms per hectare on average, and 52 kg/ha in South America, compared to 189 kg/ha in the European Union. In developing countries, only crops for export, such as coffee, are regularly fertilized. How important fertilizers are, is being demonstrated in Russia, speakers said, where the grain harvest declined from 170 million tons, to 63 million tons, mainly for lack of fertilization.

Health

New institution needed to fight disease

The World Health Organization is unfit to fulfill its task of fighting the global reemergence of diseases and has to be replaced by a new international institution, Paul Dietrich, president of the Institute for International Health and Development in Washington, D.C., and Voldemar Ermakov, professor for international health at the Russian Academy for Advanced Medical Studies, wrote in the Swiss daily *Neue Zürcher Zeitung* on May 23. However valid their specific criticisms of the WHO, the authors fail to mention the bigger picture of growing poverty, and the role of institutions such as the International

Monetary Fund in the spread of disease.

In the context of new and reemerging diseases, "it is frightening to see, that the WHO according to its own statements, has no global plan to deal with this threat." Is the WHO fit to deal with a new epidemic of the kind of the Ebola virus? The answer is clearly, "No," say the authors. They note that in the last six months, the *British Medical Journal* has published a series of articles revealing WHO corruption, inefficiency, and mismanagement.

"Twenty-five years ago the WHO led the international campaign to eliminate smallpox. This was one of the biggest successes of the 20th century. However, today the WHO has stopped its campaigns to wipe out diseases and instead has turned into an organization of conferences and study groups."

In the new WHO budget, expenditures for conferences will be increased by 73%, while those for fighting diseases will be cut by 64%.

Germany

Standard of living falls below 1980 level

The purchasing power of the average German worker has fallen below the level of 1980, according to a report by the Berlin-based Institute for Economic Research, the *Süddeutsche Zeitung* reported on May 30. At the end of 1995, purchasing power had fallen to within 3% of the level of 1980, and since then, tax increases, price inflation, and other increasing expenses have reduced the average consumer market basket below what it was more than 15 years ago.

The decline began in 1990, when the government decided to increase the tax burden on the working population in order to, in part, pay the illegitimate East German state debt and the costs of increasing joblessness. Unemployment rose at staggering rates because of the government-promoted deindustrialization of eastern Germany, which has killed no less than 80% of the industrial jobs there in the last five years.

The news comes before the latest planned Bonn budget cuts in unemployment benefits, social welfare, and health care have gone into effect.

SUDAN signed cooperation agreements with Iraq on May 26, according to the Iraqi newspaper *Jumhuriya*. And three days before, Sudan and Iran agreed to expand cooperation in oil, trade, technology, and construction, according to the Iranian news agency IRNA.

CHINESE quarantine officers have burned five boxes of beef in the city of Shenzhen, in order to stop British beef from coming into the country, Xinhua news agency reported on May 31. "The province's quarantine stations will further strengthen controls . . . to prevent Mad Cow disease coming into China," the agency added.

NIR KANTOR, a former assistant vice president in the compliance department at Bankers Trust Securities, was arrested on May 29, charged with illegally trading shares of at least nine companies in 1994. Compliance officers are assigned the task of monitoring employees to make sure such illegal trading does not occur.

BERLIN'S public debt, which was DM 21.2 billion (roughly \$13 billion) in 1991, will more than triple by 1999, if present trends continue, the Berlin accounting office said on May 29, the *Berliner Zeitung* reported. The trend is attributed to loss of productive jobs and the wave of speculation and financial fraud since reunification.

JAPANESE banks announced on May 24-27 their worst losses since World War II, for the fiscal year ending March 31, due to massive write-offs of bad loans. The 11 largest banks' losses were \$13.8 billion, almost entirely in loans to Japan's speculative real estate bubble of the 1980s, engineered by then-U.S. Treasury Secretary Donald Regan.

ZIMBABWE'S Health Minister Timothy Stamps said that AIDS will have killed altogether 270,000 people by the end of this year, Associated Press reported on May 24. Unicef estimates that by the year 2000, there will be a half-million AIDS orphans, 5% of the population.