

Business Briefs

New Zealand

Government set to privatize roads

The New Zealand government, a virtual subsidiary of the British Crown's Mont Pelerin Society since 1984, is considering a plan to put electronic transponders in every motor vehicle and charge public road users by the kilometer, a reform plan it has been working on since 1994. At a noisy public meeting in Christchurch on March 30, Transport Minister Maurice Williamson denied that the report by the Roothing Advisory Group was based on privatization of the roads, but said that a method had to be found to charge vehicle owners for the "real costs they incurred," as government rates were "a very blunt instrument" to raise the necessary funds.

Charging individuals for use of general infrastructure, is a policy that builds inefficiency into the economy.

In the debate, Christchurch City Councillor David Close rejected the government's insane approach. "Roads have been in common ownership since medieval times. That means they are not owned in the ordinary sense by the Crown or local authorities, but are held in trust on behalf of everyone," he said.

The use of transponders in cars will soon be in effect in Victoria, Australia. Under Mont Pelerin Society hero Jeff Kennett, motorists will be forced to pay for the use of a privately owned central Melbourne roadway called Citylink, by first paying for the installation of transponders in their vehicles, and then having the bill for their trips debited from their bank accounts.

Germany

Unemployment threatens society, industry warns

In a 23-page document addressed to Chancellor Helmut Kohl, Federal Association of the German Construction Industry president Ignaz Walter draws a devastating picture of the German political and economic situation, which is causing "dangerous turbu-

lence for the state and the economy," the *Frankfurter Allgemeine Zeitung* reported on April 6. The document is not yet public.

Walter told the daily that if Germany is not able to overcome its political paralysis, the lack of investment, and mass unemployment, then democracy, the market economy, and wealth are endangered. While the government lacks both the courage and the power to deal with the crisis, a new Social Democratic Party-led government would make things worse. Politicians from all parties are sticking to a purely populist election strategy, which is not dealing with the urgent economic issues, he said.

The biggest of all threats, Walter emphasized, is the "catastrophically high unemployment," which, apart from illness, is the heaviest burden. He said, "It is unsocial, inhuman, it destroys whole families and our society."

Walter also attacked globalization as "a new form of socialism." It has triggered a worldwide mania of international mergers leading to huge conglomerates with "planned-economy structures," thereby causing an overall destruction of the *Mittelstand*, i.e., small and medium-sized firms, he said.

National Economy

Brazilian cites Hamilton to counter globalization

Barbosa Lima Sobrinho, the 101-year-old president of the Brazilian Press Association and Brazil's most famous journalist, promoted Alexander Hamilton as the cure for globalization, in a commentary in *Jornal do Brasil* on April 12. Globalization, Barbosa Lima said, is "a new name for an economic policy which has dominated the world since the 18th century, under the auspices of a notable economist, Adam Smith, which made possible the power of England . . . to conquer its tributaries."

Globalization, then known as "economic liberalism," met "resistance from a nation which had just won its independence, precisely against England, the United States of America, which had its helm in the Treasury Department, a vigilant man of intelligence,

Alexander Hamilton. Although born on an island under England's control, he took up, decidedly, the defense of the nation which had just been created on the American continent. . . . And this U.S. Treasury Secretary produced an excellent *Report [on Manufactures]*, which only now, to my knowledge, was translated into Portuguese, thanks to a Mexican journalist who lives in Brazil, Mrs. Silvia Palacios de Carrasco, working for a similarly heretical organization of the United States, of Mr. Lyndon LaRouche," Barbosa Lima wrote.

Hamilton recognized "that the liberalism of Adam Smith had no other objective than to serve the economic interests of England," Barbosa Lima said. And so, Hamilton argued that such countries "should use the public treasury to supplement the deficiencies of private resources. . . . Where could the public treasury be more useful, than in stimulating and perfecting industry's efforts?"

Barbosa Lima correctly emphasizes Hamilton's advocacy of the role of the state, "which had just been created in the battlefields of the war of American independence," but he mistakenly identifies the later adoption of neo-liberal economic policies at various historical points in the United States and Europe as being the result of "the growth of the U.S." and as being "to its own benefit," rather than the result of British factional warfare *against* U.S. national interests.

France

Economic deals at heart of Zhu Rongji visit

French authorities were pleased to announce that Chinese Prime Minister Zhu Rongji chose France for his first official overseas trip as Prime Minister, French media reported on April 8. At the heart of discussions are several economic deals. The French, like everybody else, are trying to capture as much as possible of the Chinese market, the only growing one left in the world today. Among the deals discussed, the most advanced are the following:

1. The construction by GEC Alsthom of the Shanghai metro;
2. The construction of six nuclear plants

of 1,000 gigawatts each, for which the French nuclear companies (GEC Alsthom, Framatome, and EDF) have already provided a feasibility study;

3. The joint Airbus-China 100-seat plane, which is provoking tough negotiations. (After Chirac committed Airbus last year to this joint venture, the April 7 *La Tribune* reported that there has been strong resistance from the British and German partners of Airbus. The friction is over the technology transfer. Airbus is at this point proposing a joint venture on the A-320 model, but not the more advanced A-320, and the Chinese are unhappy about this);

4. The French government will be investing 800 million francs (about \$160 million) into a Citroën-Chinese automobile joint venture in Wahun, which is doing badly at present.

In a speech to the French businessmen's association, Zhu encouraged them to invest in China, and emphasized that Franco-Chinese trade increased 37% in 1997, and French exports to China 40%.

Nuclear Energy

Ukraine's President rejects tradeoffs

President Leonid Kuchma on April 3 endorsed nuclear power plants to replace any Chernobyl-style reactors, after meeting with Canadian Minister for Natural Resources Ralph Goodale. Kuchma called the Group of Seven plan to compensate Ukraine for closing down its two undamaged reactors at Chernobyl, by replacing with thermal power plants, "unacceptable." Kuchma stated that Ukraine cannot close down those plants if the G-7 member-states withhold their promised funding to complete the construction of two nuclear reactors.

The two nuclear reactors, at the Khmel'nitsky and Rivno complexes, are 90% completed. In 1995, Ukraine had agreed with the G-7 to close down Chernobyl by the year 2000, in exchange for international financial assistance to help build alternate plants, including the two nuclear reactors.

Last year, the London-based European Bank for Reconstruction and Development

had indicated it would be willing to pay for their completion, but delayed a final decision, purporting reasons of "safety" and insane "financial cost-benefit analysis."

Asia

Drought, pestilence hit the Philippines, Vietnam

An El Niño-related drought has wreaked havoc across Asia, and the Philippines and Vietnam have been particularly hard hit. About 90% of the Filipino archipelago, where rainfall is less than half of normal, has been affected. According to relief workers, 1 million Filipinos are at risk of severe food shortages, the *South China Morning Post* reported on April 6.

In the southern-most island of Mindanao, 50,000 farmers have lost 250 million pesos (\$6.4 million) due to crop failure. On April 4, President Fidel Ramos ordered emergency distribution of one sack of rice per household in the provinces of Sarangani, South Cotabato, Sultan Kudarat, Maguindanao, and General Santos City, provinces which account for 40% of national rice and corn production. However, the operations chief of the Presidential Action Center said that the 10 million pesos allocated will only provide 28,000 families with one-half sack of rice each.

The provincial disaster committee in Sarangani reported that 95% of households (51,870 families) had no food. A disaster coordinator told the *Morning Post* that the harvest will be delayed until October, if there are rains in May.

In the Autonomous Region of Muslim Mindanao, the region set up as a condition for a peaceful end to the 25-year civil war on the island, thousands of farmers, fishermen, and businessmen demonstrated in Cotabato City, Cagayan de Oro, General Santos, and Zamboanga. Businessmen are demanding a lowering of interest rates, from the current 24-26%, to 12%.

In Vietnam, the highest temperatures since 1912 have devastated export crops of coffee and cashews, and low water levels in the Mekong Delta have led to saltwater contamination of rice paddies. State media estimate potential losses at \$100 million.

CHINA will start construction of the Beijing-Shanghai high-speed rail line, the first high-speed rail line in China, in 2000, Xinhua reported on April 1. Investment will total \$12.05 billion. Domestic funds will be the major source of financing. The line will run 1,300 kilometers, with a designed speed of more than 250 kilometers per hour.

THE ITALIAN oil firm AGIP is pursuing major deals with Iran, and carrying out appraisal work on offshore and onshore projects. AGIP spokesmen have expressed great excitement over what they have found in Darkhowein, where they estimate reserves to be up to 18 billion barrels.

MALAYSIA'S Petronas will proceed with its investment in the \$2 billion deal with Iran, despite possible financing problems arising from the Asian crisis, the oil group's president Mohammed Hassan Marican said on April 8. Petronas had just signed a joint-venture agreement with U.S.-based Union Carbide.

FRENCH President Jacques Chirac warned of the "fragility" of the financial system, in a statement to journalists after the Second Asia-Europe Meeting (ASEM) in London, the April 6 *Financial Times* reported. "We see that the more open the international monetary system becomes, the more its fragility becomes a problem," he said.

DUTCH employers and politicians are interested in maglev rail technology to connect a new international airport, Schiphol II, with Amsterdam. A government delegation visited the Transrapid test site in Lathen, Germany, on April 9. The Dutch Employers Association has endorsed maglev for the project.

INDIA extended a \$10 million loan to Myanmar on March 29, to the Ministry of Rail Transportation and Ministry of Industry, for production of machines and technical services, *New Light of Myanmar* reported.