

Business Briefs

Poverty

Russia's Yeltsin urged to aid homeless children

A group of public figures has called on Russian President Boris Yeltsin to take "energetic measures" to help the country's some 2 million homeless children, Itar-TASS reported on Aug. 18. Their appeal said that "not only the future of the children rejected by society is threatened, but society itself."

The widespread homelessness among children is the result of the economic dislocation caused by the policies of the International Monetary Fund, and the consequent development of the "gray" economy, which has turned many of Russia's youth into drug addicts, prostitutes, and youthful bodyguards for the mafia.

Among those signing the appeal were former First Lady Raisa Gorbachova. Also on Aug. 18, Moscow's Commission on Vagrancy Prevention reported that there are some 30,000 homeless people in Moscow, the most prosperous city in Russia. The Russian capital has facilities to handle only 1,505 homeless.

China

Rail link to 'roof of the world' planned

In a move that will provoke howls of protest from the British and their cultist dupes, China has completed a feasibility study and on-site route surveying for a 1,100-kilometer rail line which will connect the Tibetan capital, Lhasa, with the rail system of central and western China. Besides its obvious strategic and economic importance, this rail line (called the Qingcang railroad) will be one of the most spectacular in the entire world, winding north-south through valleys between mountains ranging to well more than 6,000 meters in elevation.

Noting that "Tibet is the only area of our country which still has no railroad," the Aug. 14 *People's Daily* reported: "In the 1950s, the Railroad Ministry already began to survey and plan the Qingcang railroad. The first

project was the section from Xining to Ge Er Mu, which was opened in 1984. Since July 1997, a group of experts from the First Railroad Bureau has been investigating the topography, morphology, geography, and plant-cover situation along the Qingcang railroad route. According to the proposed project, the line will begin at Ge Er Mu in Qinghai, traverse the pass into the Kunlun mountains, and then run via An Duo, Na Qu, Dang Xiong, and Yang Ba. . . . The total length of bridges and tunnels will be 30.6 km, and the total investment, calculated in 1995 fixed values, will be 13.92 billion yuan. . . . The Qingcang railroad will fill up a blank in our country's western rail system, and at the same time it will mark the end of the historical period when Tibet had no railroad."

Petroleum

No end in sight to oil price collapse

"There is no end in sight to the oil crisis; it is becoming more acute every day. If the price of world oil doesn't begin rising soon, the Asian crisis will become global very soon. Russia, Indonesia, Mexico, even Saudi Arabia and the [Persian] Gulf are hurting," a source close to the Saudi Oil Ministry told *EIR* on Aug. 18.

According to this source, "The major mistake was made last November in Jakarta at the OPEC [Organization of Petroleum Exporting Countries] meeting, when the Saudis insisted demand would continue to rise despite the Asian crisis. Now we have a huge supply glut overhanging the markets. Just last week, Saudi Arabia announced it might have to cut output again to firm prices, even by as much as another 800,000 barrels per day. But the market simply ignores it, doesn't believe it. Iran and Venezuela are both very soft on adhering to the cuts agreed to in March and June, but even a cold winter at this point will not alleviate the falling price soon."

Asked if Washington had pressured the Saudis to increase oil output in order to ease inflation pressures last year, the source replied, "Many conspiracy buffs in the Gulf

jump to that conclusion, but this is not the 1970s or 1980s. This administration in Washington, I think at least, has realized that such strong-arm pressure from the United States in the long run only backfires. No, there is no U.S. pressure. The Saudis did this one."

Malaysia

Leaders steel people for national survival

Malaysian Prime Minister Dr. Mahathir bin Mohamad has been on an almost nonstop tour around the country since the announcement of the action plan of the National Economic Action Council (for credit creation to recapitalize the banks and fund infrastructure projects), to rally people behind the government's plans to deal with the financial crisis, and to steel them against rumor campaigns threatening renewed outbreak of ethnic riots and aimed at undermining and ousting Mahathir himself. In this effort, Deputy Prime Minister Anwar Ibrahim has increasingly backed Mahathir, and echoed the Prime Minister's harsh attacks on speculators and criticism of the dysfunctional international monetary system.

Malaysian officials are closely following the anti-speculation measures taken by Hong Kong and Taiwan. Mahathir told a 2,000-person rally at a Workers' Day event on Aug. 18, that "we are studying various measures. We're studying steps on buying back shares. We hope we can do it." Measures being looked at include Hong Kong's interventions into the stock market, as well as Taiwan's efforts to stop banks from selling undervalued shares pledged as collateral.

At a 10,000-person National Front rally in Kota Kinabalu, the capital of Sabah, on Aug. 15, Mahathir alluded to contingency plans that he said some might consider "drastic," but called on the people to "have faith in the government," that whatever actions taken are well thought out. "I say this because sometimes the government has to make decisions that may be a shock to the people," he said. "We have to get the people's mind ready."

In his public speeches, he repeatedly hit

at foreign speculators and foreign media, and urged his audiences to continue to aspire to Malaysia becoming an industrialized country by 2020. "This is not a burden for the foreigners, it's our dream. We can turn that dream into reality through our own efforts," he said.

Indonesia

R&D must continue, says President Habibie

Indonesia must continue its research and development efforts, despite the economic and financial crisis, President B.J. Habibie recently told the staff of the Agency for Assessment and Application of Technology (BPPT), which he headed prior to becoming Vice President in March 1998. Habibie, who trained as a research scientist in Germany, said that a nation must have mastery of technology to enable it to become equal with other nations.

"We realize that investments in research are very costly—almost similar to investments in human resources. But I must convince you that such investments will not go to waste. We have to think about the future," Habibie said. He reminded the staff that many of the inventions developed by BPPT had contributed to increased food production and improving technology for building low-cost housing. He said that while many Indonesians have enjoyed the fruits of such inventions, "we should not easily become contented" with them, but pursue constant innovation.

On Aug. 22, Habibie signalled that privatization of state firms may be delayed, or at least slowed down, because current share prices are artificially depressed. In response to press questions, he said, "If you are going to sell company shares, you should sell it if it is moving and not if it's fairly cheap. I can imagine that one day all government enterprises, if they become healthy, will go public."

On Aug. 21, the government reneged on an earlier pledge to sell a majority share in the state cement manufacturer, Semen Gresik, saying that only a 14% stake would be sold, not the 35% previously pledged with

the added perk of eventually handing over majority share to the winning bidder. The proposed sale of state-owned Krakatau Steel was abandoned in June, following domestic protests that it was being sold off too cheaply, based on closed bids. Habibie added that contrary to privatization plans launched under President Suharto, he would prefer direct placements rather than floating companies on the stock market, which would have the advantage of the purchaser re-investing in the firm and in the country, and bringing in know-how, infrastructure, and funds, thus restoring the country's economic credibility.

New Zealand

Privatization policy meets growing opposition

New Zealand's coalition government broke apart on Aug. 15, reflecting a growing backlash against Mont Pelerin Society economic policies which have devastated the country. Prime Minister Jenny Shipley sacked her Deputy Prime Minister, ending the coalition, leaving her with just 44 seats in the 120-seat parliament.

The dispute was triggered over the privatization of Wellington Airport. The minority member of the coalition wanted the airport to remain majority New Zealand-owned; Shipley's National Party wanted to make the sale to Britain's Heathrow Airport company. Wellington Airport was sold to Infratil, a New Zealand firm, at a firesale price of \$61 million, after Heathrow pulled out of the tender process, citing "political instability."

Other cracks are beginning to appear in the Mont Pelerin Society's juggernaut in New Zealand, which since 1984, has reduced the once wealthy island-nation to economic rubble, *virtually unopposed*. There have been mass political demonstrations against the government's economic policies, and a new business group has been established, called New Zealand Business for Social Responsibility, for the express purpose of challenging the views of the Business Roundtable, the Mont Pelerin Society think-tank that has directed the so-called economic reforms since 1984.

THE ASIAN CRISIS has collapsed copper, lead, and zinc prices 5% since January, and aluminum and nickel have lost 14% and 32%, respectively (41.6% for nickel since the Asian crisis began last September). According to British consultant Brook Hunt, 60% of aluminum, 55% of zinc, and 95% of nickel producers are now operating at a loss.

MYANMAR will receive \$250 million of equipment and technology from China to help build the Paung Laung hydropower plant, the nation's largest, *China Daily* reported on Aug. 18. Once completed, the plant will increase Myanmar's generating capacity 30%.

IRAN will drill four oil wells in the Turkmen Bashi region of Turkmenistan, the National Iranian Drilling Co. said on Aug. 15. Turkmenistan began an oil swap with Iran in August, in which Ireland's Dragon Oil is shipping 7,500 bpd to the port of Neka on the Caspian, in return for Iranian light crude made available for export on the Persian Gulf.

ALAN GREENSPAN, chairman of the U.S. Federal Reserve Board, last year kept his personal investment portfolio almost entirely in short-term Treasury bills, according to his annual financial disclosure forms made public on Aug. 17.

VIETNAM imposed a temporary ban on new rice export contracts on Aug. 15, to conserve "national food security and stabilize food prices," an official statement said. Vietnam is one of the three largest rice exporters in the world. Demand from Indonesia, Cambodia, Laos, and China has been intense, because of regional drought.

PROSTITUTION in Southeast Asia is rapidly taking over as a major employer and money-maker, as unemployment soars, according to an International Labor Organization report released on Aug. 19. It represents 2-14% of GDP in Indonesia, Malaysia, Thailand, and the Philippines.