

# Business Briefs

## Finance

### Mahathir: Speculators violate human rights

Malaysian Prime Minister Dr. Mahathir bin Mohamad renewed his attacks on speculators, at a dinner on Feb. 9 in Kuala Lumpur, the capital, honoring visiting Lebanese Prime Minister Rafik Hariri, the *Straits Times* reported. "Now, after so many years of profiting from our economic policy, we are told that our ways were wrong and have caused them to lose confidence. By pulling out their capital and by other ways at their disposal, they have taken away the wealth that we had built up, leaving us practically destitute," he said.

"It is the market forces let loose by certain governments which did this," Mahathir charged. "Shouldn't these governments be accused of violating human rights and action taken against them?" he asked. He blasted as "self-righteousness and hypocrisy" those who preach human rights, while accusing Southeast Asian nations of cronyism, nepotism, and lack of transparency. Every sin attributed to Southeast Asia has already been committed by those who preach good governance, he said. Responding to suggestions by U.S. Congressmen that International Monetary Fund programs be linked to human rights issues, he said, "But what about the rights of the millions of workers who have lost their jobs and become destitute? Devaluation of their money has deprived them of their livelihood."

Mahathir expressed disappointment that Malaysia would have to renege on commitments to participate in the reconstruction of Lebanon, due to the financial crisis. "The carpet has been pulled from under our feet," he said.

## Germany

### Construction sector in 'greatest crisis'

Germany's construction sector is facing its "greatest crisis in the postwar period," the federal association of the German construction industry said on Feb. 20. According to

new figures published by the Federal Statistical Office, orders for German construction companies fell in 1997 for the fourth year in a row, which has never happened before. Orders in 1997 were down by 7% compared to the year before, following a similar drop in 1996.

During 1996-97, average yearly employment in the construction sector fell from 1.412 million to 1.221 million. In western Germany, orders for housing construction fell by 9.2%. The downturn of construction investment has already reached depression-like dimensions in eastern Germany, where total orders last year fell by 14.1%; orders for aboveground construction fell by 19%, out of which orders for housing construction went down by 19.3% and orders for private business buildings by 22.8%.

While there is still a backlog in construction investments in eastern Germany in public infrastructure and housing construction, the number of empty office buildings, hotels, retail stores, and high-priced apartments is skyrocketing. In the first years after reunification, construction was the primary engine for overall economic activity in eastern Germany. Now, both public and private industry are sharply reducing investments. According to estimates, about 20% of construction capacity, and up to 50% of production capacity for certain building materials, are now unutilized and will soon collapse.

## China

### Program mapped out based on Roosevelt's New Deal

Chinese Executive Vice Premier Zhu Rongji is mapping out a program for the economy modelled on President Franklin Roosevelt's New Deal, the Hong Kong *South China Morning Post* reported on Feb. 19, from Communist Party sources.

The sources said that Zhu Rongji, who will succeed Li Peng as Prime Minister in early March when the National People's Congress (NPC) meets, is studying the policies of Roosevelt and John Maynard Keynes. "There will be large-scale infrastructure, public works, and housing programs, together with other fiscal measures

to stimulate the economy," one source was quoted. "For example, credit might be further relaxed for selected areas and more loans would be given to home-buyers. In strength and scope, the stimulation program may be comparable to Roosevelt's New Deal."

The policy is to be discussed at the NPC meeting, which opens on March 5. Inflation could be prevented if speculation is curtailed, the sources said. The perspective is to carry this program out over the coming five years.

Zhu Rongji has been emphasizing the re-employment of laid-off state industry workers. In a speech in the industrial and port city of Tianjin on Feb. 15, he said that China's goal of successful reform of the state sector, especially of those unprofitable enterprises, by 2000, depends on the nation's ability to re-employ the workforce. About 10 million people have been laid off in the past two years, because of the large numbers of redundant workers in most state enterprises, and the flawed policies in the early 1990s, when there was duplication of construction projects and creation of many underfunded enterprises, he said.

## Ukraine

### Coal miners' protests could topple government

Tens of thousands of coal miners rallied in Kiev on Feb. 20, demanding that the pro-International Monetary Fund government pay several months of wage arrears. Protests were also reported from the Donbass mining region. Back wages have already reached the equivalent of more than \$1 billion in the mining sector alone, while total wage arrears, according to a report by the Central Bank, are more than \$2.7 billion.

The protests are expected to grow as the campaign for the March 29 elections for Parliament heat up. Oleksandr Stoyan, spokesman for the Organization of All-Ukrainian Unions, which organized the protest, called for the government to use money raised in a recent Eurobond issue for the arrears. The government acquired \$412 million in that issue; the state is reported to

owe about 5.2 billion hryvna (\$2.65 billion) in wage arrears.

Many western observers see a resemblance between the intensity and spread of protests among labor against the government and its policies now, and the situation in 1993, when mass strikes in the Donbass forced the government to resign. Ironically, in 1993, Ukraine's Prime Minister was Leonid Kuchma, who, today, is Ukraine's President. It is expected that the March 29 elections will be the end for the government of Prime Minister Valeri Pustovoitenko, which has never had the nation's confidence since it was appointed by Kuchma.

Pustovoitenko's fall would presage the end of Kuchma's tenure. In the Presidential elections in 1999, one of the candidates against Kuchma may be Member of Parliament Natalya Vitrenko, co-initiator, with Helga Zepp-LaRouche, of the call for a New Bretton Woods Conference.

## Space

### New Russian directive for nuclear research

On Feb. 2, Russian Federation Chairman Viktor Chernomyrdin signed Government Decree No. 144, "On the Concept for the Development of Space Nuclear Power Engineering in Russia," which outlines a 12-year program to develop next-generation technologies in space nuclear power, *Rossiyskaya Gazeta* reported on Feb. 11.

As is summarized in the decree, the Soviets had pioneered this field from 1960 to 1990, when virtually all work stopped "owing to the complex economic situation as well as the change in the world geopolitical situation." During the program, nuclear reactors to provide on-orbit electrical power were tested and deployed in satellites for radar imaging and other military applications. More recently, the major driver to develop nuclear power to supply both electricity and propulsion has been for directed energy weapons.

The new program, which was designed by the Ministry of Atomic Energy, the Russian Space Agency, the Ministry of Defense, and other government agencies, is designed

to preserve both the skills of the people involved, and capabilities for the future. The main task will be to design standardized basic assemblies and key components of nuclear units with an output of 50-100 kilowatts, and a service life of five to seven years. The comparable U.S. program, the SP-100 reactor, was cancelled in the early 1990s because there was neither a defense mission for the technology, nor a civilian space exploration (Moon or Mars) mission. Instead, the U.S. Ballistic Missile Defense Organization and Defense Nuclear Agency took the Russians up on their offer to share their Topaz space nuclear reactor technology. That program was killed last July, at the suggestion of the National Research Council, also because there was no mission envisioned for the technology.

The decree lists international cooperation as one of the goals of the new initiative, and states that applications of new technology could involve radar surveillance, space manufacturing, a lunar base, and long-term space expeditions.

## Precious Metals

### Soros moves in on Bolivian silver mines

Thomas Kaplan, the president of Apex, announced that the company has acquired the largest silver reserves in the world, located in a remote region of Bolivia, Associated Press reported on Feb. 18. Through a \$325 million investment in the San Cristóbal mine, where the reserves are located, Apex expects to become the world's fourth-largest silver producer. Kaplan predicts that Bolivia will also increase its mining exports by one-third.

Global speculator George Soros has 26% control of Apex; Paul Soros and Quantum Industrial Partners also own percentages of the company. Kaplan, meeting with President Hugo Banzer and other cabinet members in Bolivia in February, said he hoped that the mine "will become one of the great silver-zinc projects in the world." Mining companies Kraerner Metals, Behre Dolbear, and Pincock Allen and Holt have confirmed the existence of the silver reserves.

**PROTECTIONISM** is needed by developing nations to gear up their production, Jochen Borchert, German Agriculture Minister, told a panel of the German parliament on Feb. 18. "If a developing country wants to gear up its production, it has to make the political decision to establish protectionist measures. . . . It does not work without protectionism," he said.

**CHINA AND RUSSIA** signed five agreements in Moscow on Feb. 17, in areas of ongoing economic cooperation: a ship-building project, the settlement of Russian debts to China, increasing the volume of bilateral trade in 1998, easier access for Russians to Chinese border towns, and construction of a new railway border-crossing in the Far East.

**SOROS-ALLIED** hedge funds are bragging that they are about to launch a major attack against the Japanese yen, sources have told *EIR*.

**POPE JOHN PAUL II**, in a meeting with the political leadership of the Rome province on Feb. 21, stressed that the lack of housing and jobs are among the most dramatic problems to be solved. Later, in announcing his new "family policy," he said that the lack of economic opportunities, housing, and a development policy are the cause of the drop in birth rates and marriages.

**VIETNAM** devalued its currency, the dong, 5.3% on Feb. 16. On Feb. 13, Prime Minister Phan Van Khai instructed all domestic and foreign companies to deposit foreign currency holdings in credit institutions. The government has also signalled its intent to clamp down on foreign exchange trading, and to place further restrictions on banks.

**THE U.S. TRADE** deficit for 1997 grew to \$113.8 billion, the worst in nine years. For hard commodity goods, the U.S. ran a deficit of \$198.9 billion, the highest ever recorded. (The United States ran a surplus on services account of \$85.2 billion.)