

Business Briefs

Trade

GATT reports collapse in western Europe

In 1993, the foreign trade of western Europe, which includes the European Union and the European Free Trade Agreement states, has fallen by \$152 billion, according to a report by the General Agreement on Tariffs and Trade. This decrease of more than 10% is described by the GATT report as "unprecedented" in postwar history.

The April 6 German economic daily *Han-delsblatt* commented that this "most alarming" trade figure for Europe, along with the 2% shrinkage of world trade in 1993, is confirmation that the GATT theory, that there can be economic growth by enlarging world trade without a corresponding growth in production, is wrong. Even imports and exports in the service sector, mainly transportation, tourism, telecommunications, insurance, and banking, increased by only 3% in 1993 after a 12% increase in 1992.

Turkey

Ciller announces tough austerity policy

In the face of 74% inflation and a collapse of the Turkish lira by 38% against the dollar, Prime Minister Tansu Ciller has announced an austerity policy which will guarantee the collapse of the economy. She warned that the economy was "heading full steam toward a Latin American-style tragedy" if her policy is not adopted.

The program, which includes policies dictated by the International Monetary Fund and the World Bank, calls for raising prices on state monopoly commodities including gasoline, tobacco, alcohol, sugar, and fertilizer by up to 100% in order to raise public funds. She called for accelerating the privatization program, which is expected to eliminate tens of thousands of jobs. Job cuts will also be implemented in the government sector. Subsidies for the agricultural sector, except for wheat, sugar, and beets, will be cut. A six-month pay freeze

for government workers and in government investment was also called for. All of this is aimed at massively cutting the budget deficit. It is expected that inflation will soon top 100%.

The move drew a tough response from the Turk-Is trade union confederation whose chairman, Bayram Meral, declared: "The measures are against the interests of our people. They will increase unemployment and poverty as well as social and political unrest." Ciller has failed to get support for the program from the Islamic fundamentalist Refah (Welfare) party, which is now the third most powerful party in the country.

The April 6 London *Financial Times* editorially backed Ciller's policy, warning, "If the Turkish authorities are serious about bringing down the 75% inflation rate, they may have little choice but to engineer a full-scale recession. That would have large political and social costs in a country accustomed to high economic growth. Turkey is, however, fast running out of alternatives."

Economic Theory

Immorality a 'must,' says derivatives modeler

"You have to lose your sense of decency" to become a "quant," creating new derivatives, a derivatives computer modeler told *Time* magazine. Reporting on how the young computer science and math "nerds" who program and direct the computer systems that make trading in financial derivatives possible (known as "quants," for quantitative analysis) fit into Wall Street, one quant told *Time*, "It takes three to six months . . . to change a shy, bookish type into a ruthless money-making machine. What's required . . . is 'to lose your sense of decency. You have to be rude, brash, you have to be selfish. Also you have to start ignoring 90% of what you are told.' "

An anthropologist who has studied Wall Street operators for years said that the new types that are coming to dominate "are almost idiot savants with numbers. . . . There is almost a prayerful communion with the computer. They're intense and operate to a rhythm. If you ask them a question, they turn and their

eyes are glazed, coming out of whatever cyberspace they are in. . . . They're not really in a world of other people. They think they're in a world of pure technical manipulation, like a chemist creating a molecule. It's as though there are no social consequences."

Infrastructure

Southeast Asian nations expedite power grid

Southeast Asian nations agreed at a two-day meeting of energy ministers in Brunei to expedite construction of a power grid linking the electricity supplies of the six members of the Association of Southeast Asian Nations (ASEAN), Malaysian Energy Minister S. Samy Vellu told the national *Bernama* news agency on his return from the meeting on April 2. The grid, proposed three years ago, would allow the ASEAN states of Malaysia, Brunei, Singapore, Thailand, the Philippines, and Indonesia to share power. The grid is estimated to cost about \$10 billion.

The grid "is important as countries like Malaysia, Thailand, and the Philippines need a lot of power for their industries," Samy said. He indicated that tariffs would be worked out later.

An industry official familiar with the project said it was aimed at cross-linking the six countries so that they will have ready access to power during shortages. The power grids of Malaysia, Singapore, and Thailand are already linked and they share electricity as needed.

Labor

St. Petersburg unionists demand economic growth

Trade union leaders in the St. Petersburg region of Russia have formed a strike committee "to coordinate mass actions of the working people in defense of their rights," the April 1 issue of *St. Peterburgskiy Vedomosti* reported. "The first action taken by the committee,"

Briefly

noted the paper, "is a demand to change the course of reforms in the interests of economic growth of the country and give a realistic figure of the minimum subsistence level of the population." The appeal was addressed to the Federal Assembly, the President, and the government.

Meanwhile, Russian miners called for the "dismissal of an incapable government and an incapable President," because both are violating the constitution, which says that "workers have a right to be paid for the work they do." The 1,200 billion rubles promised in back pay by Economics Minister and Deputy Prime Minister Aleksandr Shokhin in talks with a miners' delegation outside the Russian Parliament building on April 1, are seen as yet another empty promise by the government.

Ivan Machnachuk, vice president of the Russian Committee of the Miners Union, warned that if miners are not paid, the strike would become a political strike.

Russia

Economic catastrophe is becoming worse

The end of the first economic quarter has brought news of additional collapse in the Russian economy, Reuters reported. The government's information bulletin reported that industrial output fell by a record 27.1% in February compared to the same month last year. Industrial output fell 16.2% last year after a fall of 18% in 1992. The decline in monthly output in the combined fuel and raw materials sector was 15.6% compared to a 17.8% slump in February 1993. Processing industries recorded a 37.9% drop compared to a 19.8% fall a year ago.

Grain output in 1994 could fall by up to 14% due to lower fertilizer use, reductions in winter sowing, and an expected decline in spring sowing, the Russian grain trade monthly *Agrokhleb* reported.

On April 7, Fyodor Prokopov, head of the Federal Employment Service, announced that real unemployment this year could hit 15 million, or 18% of the work force.

At an April 6 press conference reporting

on the unemployment crisis, Deputy Prime Minister Yuri Yarov decried the shock therapy approach which has brought about these conditions. "To use a purely monetarist approach and not notice what's going on in society means the cost of a social explosion could be dearer," he said. "We have to take steps to ensure there is not an increase in the number of people below the poverty level. If we can achieve this we will consider it a victory." Russian wages averaged the equivalent of \$85 in February, down from \$113 in December, according to the government Center for Economic Reform.

Meanwhile, Moscow Mayor Yuri Luzhkov has suspended real estate sell-offs in the Russian capital until a presidential decree details special rules for privatization in the city. Luzhkov believes state property in Moscow was sold "for nothing" by the government.

Biological Holocaust

New bacteria strains, parasites spread

The spread of antibiotic-resistant bacteria is increasing, warns microbiologist Alexander Tomasz of Rockefeller University in New York, the April 5 German daily *Die Welt* reported.

Enterococci have become resistant to all available antibiotics, yet they are one of the main causes of urinary and wound infections in hospital patients. Because bacteria are able to exchange genes, experts fear that the resistance factor could spread to the agents of pneumonia and brain infections. It will be, at best, five years, before new effective antibiotics can be expected, according to Tomasz.

Meanwhile, people with weak immune systems are increasingly becoming victims of parasite-caused sicknesses, while scientists neither know the routes of infection nor have sufficient treatments available. "We are now confronted with parasites which we had not even heard of in the past," Professor Eckert from Zürich, told *Die Welt*. He and his colleagues are especially worried about the drastic increase of parasitic diarrheal sicknesses among HIV-infected patients, and the increase of severe cases of toxoplasmosis among patients with a weak immune system.

● **A RESEARCH PROTOCOL** on a supersonic plane to supersede the Concorde has been signed by French *Aérospatiale*, British *Aerospace*, and Deutsche *Aerospace*. The plane would have a range of 2,000 km and fly at Mach 2 carrying 250 passengers. This is opening up a three-way race between the United States, Japan, and Europe for a potential market of only 500-1,000 planes between 2005 and 2025.

● **GEORGE SOROS** said he is "something unnatural," in the April 3 *New York Times Magazine*. "I keep telling people that they shouldn't be misled by me, . . . I am sort of *deus ex machina*—I am something unnatural. . . . In my personal capacity I'm not actually a selfless philanthropic person. I'm very much a self-centered person."

● **JAPAN'S** 280 MW Monju fast breeder reactor went on line April 5. It is part of a plan to complete the nuclear fuel cycle by reprocessing spent fuel, breeding plutonium fuel, and building reactors that can burn plutonium fuel. Japan plans to double the share of its nuclear-generated energy to 58% by 2030.

● **THE ALGERIAN** government sent a letter of intent to the International Monetary Fund accepting the devaluation of its currency by at least 40%, the elimination of all import barriers, and an increase in interest rates, according to French press.

● **NEWPORT NEWS** Shipbuilding, the largest private employer in Virginia, will cut up to 7,000 of its work force of 21,150 in the next two years, president W.R. Phillips said April 7, the *Richmond Times-Dispatch* reported. The company has cut 7,000 jobs in the past two years.

● **THE EUROPEAN** Commission does not want to prohibit beef exports from Great Britain because of the danger of bovine spongiform encephalitis, despite the fact that experts cannot exclude the possibility that the disease could also infect man.