

Business Briefs

Infrastructure

Cost of deficiencies high even in Germany

The deficiency of transport infrastructure in Germany causes 200 billion deutschemarks (\$125 billion) per year in unnecessary economic costs, according to a study by the German automaker BMW.

According to the study, 580 billion kilometers pass over Germany's roads every year, including highways and city traffic. But beyond the normal time consumed for this traffic, the study estimates that there is an additional time expenditure of 4.4 billion hours due to infrastructure shortcomings.

The cost of "lost time" was calculated in the study as DM 20 per hour for private travel and DM 100 per hour for work-time travel. This amounts to a cost of DM 185 billion per year. Another DM 17 billion of unnecessary costs comes from the additional gasoline that is wasted in traffic jams. That means a yearly cost of DM 6,000 per employee.

France

'Corruption' charges leveled at Anglo-Saxons

The "Anglo-Saxon" financial press focuses on "corruption" in France, in order to cover up for uncontrolled speculation and wild liberalism worldwide, Alain Duhamel, senior commentator for the Paris daily *Libération*, charged on July 8.

In an article entitled "The Myth of the Mafioso France," Duhamel wrote: "The specialized Anglo-Saxon press—the *Wall Street Journal* and [London] *Financial Times* at the forefront—jumped on the Suard affair . . . to pose questions gravely, abundantly and, especially, spectacularly, on corruption à la française." Everyone knows that France is not the center of a "new Puritanism," he said. "Since the Cathars, France doesn't aspire any more to perfection."

Pierre Suard, the head of the Alcatel-Alsthom (the producer of the high-speed train,

TGV, and a leader in the field of telecommunications) and one of the 10 top industrialists in France, was jailed overnight in early July on corruption charges. The main competitor of Alcatel-Alsthom internationally is ITT. The arrest is part of a supposed anti-corruption campaign now in full swing in France, as more and more judges in "revolt" are being used by foreign financial powers to destabilize the country. The majority of the industrialists being targeted on corruption charges are in areas which would be key to an infrastructure program, including construction, nuclear power, and telecommunications.

"The pressure of the global market, the international monetary and financial disorganization, the climate of brazen speculation, the all-points deregulation, the senseless toleration of fiscal paradises . . . in short, the flamboyant liberalism, all that produces a permanent and profound corrupting effect on the totality of western societies. Strangely, that seems to shock the Anglo-Saxon moralists a lot less," Duhamel said.

Labor

Russian atomic workers chafe under no pay

Without pay for several months, atomic industry workers in Russia are posing social and even security risks, according to Moscow sources. Political protests following the example of the coal mining sector can't be ruled out. Experts at Rosenergoatom, the state company that controls all nine Russian nuclear power complexes with more than 21,000 megawatts of capacity, have pointed out that protests launched at the end of June at the gates of the parliament in Moscow by enraged and desperate atomic workers, must not be taken lightly.

Over 674 billion rubles have not been paid to the workers so far by the state, leaving many of them starving and unable to get medical treatment. Many atomic workers are reported suffering from serious health problems, related to the horrendous conditions under which they are forced to work. Atomic specialists at Arzamas 16, once one of the most privileged centers of the Soviet nuclear technology sector, have not received any pay since April.

The nuclear power sector has no money to buy new equipment, fueling well-founded fears among experts that new Chernobyl-type accidents may occur sooner or later. The enormous stress to which many atomic workers are exposed under current conditions is also adding a "human failure factor" to the technically un-safe factors of the sector, a spokesman of the labor unions has warned.

Russia

Shock therapy has left St. Petersburg desperate

Three years of shock therapy have left behind an alarming social situation in St. Petersburg, the German daily *Frankfurter Allgemeine Zeitung* reported on July 6.

The effects in the military-industrial sector of the city's production have been disastrous: For example, the once-famous Kirov military plant, which formerly employed 43,000 workers, now has a work force of only 14,000, with several hundred laid off every other week, as their firms receive no, or at least visibly less, financial support from the state. Effectively without unemployment benefits, the social situation of those fired is catastrophic.

The engineers, technicians, and other skilled workers of the military sector who are losing their jobs are forming the growing social class of the underprivileged, the "new poor" of whom nobody seems to take official notice, while there is a lot of discussion about the "new rich." The social-political implications of this are explosive, the paper observed.

Industry

Russia's policies are destroying industry

The Russian government's fiscal policies are destroying national industries, Sergei Glazhev, chairman of the State Duma's (Parliament) economic policy committee, charged on July 5, Radio Free Europe reported. Glazhev opened a debate on Russia's current social and economic situation by presenting a report

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which argued that the government's stress on fighting inflation has proved too crippling a blow to Russia's industries. The continued pursuit of current policies threatens "deindustrialization" that could reduce Russia to the Third World status of a raw materials exporter, he argued.

Glazyev added that output has dropped far more drastically in technologically advanced branches of industry, such as machine-building and defense, than in mining and other raw materials sectors. Other speakers argued that criminal operations have perverted new economic freedoms, and faulted voucher privatization for failing to establish clear ownership and leaving industrial decision-making in the hands of poorly organized employee and management bodies. Glazyev demanded policy changes to protect threatened industries, Interfax reported.

Glazyev, along with several other parliamentarians, has formed a faction in the Duma to promote industrial development and halt the destruction of Russian industry.

Banking

Speculation is hurting German businesses

Banking policies are hurting small and medium-sized business, according to the July issue of the German economic monthly *Top Business*. Next to the headline "Banks—Killer of Small and Medium Business," is the picture of a smiling Hilmar Kopper, chairman of Deutsche Bank.

German banks have shifted away from financing small and medium-sized business toward "financial services," which is the result of the deregulation of financial markets, according to the magazine. Facing international competition, German banks are now concentrating on areas that promise the highest earnings. The share of traditional business credits in the earnings of German banks has dropped to only 20%.

Meanwhile, German banks are undertaking "uncontrolled expansion strategies," especially in the derivatives market. In summer 1993, the exposure of German banks in deriva-

tives was DM 6.1 trillion (\$3.8 trillion). "But for Kopper and his colleagues this is not enough," said the magazine. In order to finance the banks' huge new computer systems and expensive derivative specialists, small companies with less than 500 employees have to pay an additional interest fee of 3% for short-term credits. That doesn't hold for bigger companies engaged in over-the-counter financial services.

Horst Köhler, president of the German Saving and Loan Association, warns against privatization of regional savings and loan institutions, which are now filling the gaps in the financing of small and medium-sized businesses.

Employment

Strategic decisions needed, says professor

Only "strategic policy decisions" of the type that President John F. Kennedy undertook with the U.S. space program will help to overcome mass unemployment, declared Prof. Friedhelm Hengsbach of the Jesuit St. George College Frankfurt, in a panel at the German Catholic Church Convention in Dresden on July 3.

Hengsbach said that in order to reemploy the 4 million whom the official German labor statistics list as jobless, not just the free market, but state intervention that lays the strategic conditions for the creation of masses of new jobs, is needed. The United States once created such an environment for new jobs when it launched its space program, Hengsbach recalled.

Meanwhile, Walter Stuetzle, the editor in chief of the Berlin daily *Tagesspiegel*, warned at a strategic policy panel in Zürich in June that western societies may not survive mass unemployment beyond the turn of this century. The idea that the West could easily survive the collapse of the East was a very fragile one, he said, because the unresolved deep economic crisis of all western societies constitutes a threat to the social and political system of the West no less dangerous than the crisis that brought down the Soviet system.

● **EGYPTIAN** President Hosni Mubarak said that it was important to link Egypt and Libya by building a railway line between Salloum and Tobruk, in a meeting with Libyan leader Muammar Qaddafi on June 26, the daily *Al-Ahram* reported.

● **DMITRI MENDELEYEV** was not only a great chemist but a great economic reformer, according to "The Russian Home," a Russian broadcast in early July, the first of its type on Russian TV. The program discussed Mendeleev's projects for European integration.

● **GERMANY** has been hit with a huge increase in the number of bankruptcies. According to Creditreform, the number of corporate bankruptcies has increased in eastern Germany in the first six months of 1994 by 43.5%, and in western Germany by 19.4%, compared with the first six months of 1993.

● **CATTLE PRICES** in the United States have dropped \$25 per hundredweight over the past several months, plunging feedlots and feeders into bankruptcy. Many are blaming the drop on the free trade policies which are forcing poor nations to dump their cattle on the U.S. market, as well as the ability of the meat cartel, which controls 70-80% of the market, to hold down prices.

● **PORTUGAL'S** central bank governor Miguel Belezza, two deputies, and central bank advisory board member José Veloso resigned over the weekend of June 25. They insisted, contrary to government policy, on a defense of Portugal's currency, the escudo, which has been under severe speculative attack, with interventions and high interest rates.

● **4 MILLION AIDS CASES** have occurred worldwide since the epidemic began, the World Health Organization reported in early July. This is a 60% increase over the estimated 2.5 million cases reported as of July 1993.