

Business Briefs

Banking

German workers protest lack of financing

Almost 20,000 employees of Vulkan, Germany's biggest shipbuilding company, protested against the "cruel game" of German banks, at all company sites in Germany on Feb. 9. German banks have increasingly taken on a "British approach" to banking, refusing to finance productive investments.

For months, Vulkan has been in a severe liquidity crisis. There are new orders for big projects, but German creditor banks, led by Commerzbank, have so far blocked a credit line of DM 220 million (\$138 million), despite a guarantee by the city of Bremen.

The European Commission is expected to decide shortly, whether the guarantee by Bremen is in accord with European subsidy legislation. Meanwhile, Vulkan could plunge into insolvency any day.

Population Policy

Over-population scenarios unfounded, says professor

Panic scenarios of a world population bomb are unscientific, said Prof. Joel E. Cohen, director of the Population Research Center at Rockefeller University in New York, the Feb. 8 German daily *Sächsische Zeitung* reported. It is a hopeless venture, to attempt to determine how many human beings this planet is capable of supporting, Cohen said. The human factor is the one that is crucial.

Cohen contested the possibility of defining a limit to world population growth, because far too many factors come into play that depend on human intervention and man's ability to develop new technologies and political structures. Computerized models of population growth can be very misleading, he warned, like those made at the United Nations that, based on the population growth figures of the year 1990, predicted a total world population of 645 billion human beings for the year 2150.

This, he said, is as imprecise as statements by those who say that the ultimate limit of a population that can expect to have a

lasting supply of food, has already long been surpassed. The term "lasting" is too imprecise, because the supply of food is only limited for certain periods—technological progress alters the limits, but it also needs more energy throughput. During the Stone Age, approximately five square kilometers of land were required to feed one human being; implementation of agricultural techniques reduced that ratio to one square kilometer for 25 people; today, close to 250 human beings per square km are living in western Germany, for example, most of them in conditions of comfort once considered unimaginable.

Bosnia

Reconstruction needs are immense, says official

Bosnian Prime Minister Hasan Muratovic told the press in Davos, Switzerland, that his nation needs a minimum of \$3 billion a year in aid for the next five years, in order to rebuild its economy, wire services reported on Feb. 5. "Our country is devastated to the extent that it is not possible to describe with words," he said. "Without economic reconstruction, there cannot be lasting peace."

Muratovic said that the World Bank had assessed \$5.1 billion in emergency needs for infrastructure, education, and health care alone. He said creating jobs was the first priority of the government. "Only 1% of the population are now employed in productive jobs," he said.

Physical damage in those parts of Bosnia controlled during the war by the Sarajevo government has been assessed by the World Bank at \$45 billion. Muratovic said damage was extensive to roads, housing, infrastructure, industry, and whole villages. "We practically have no villages now," he said.

Meanwhile, speculator George Soros seems to be taking over the British franchise for psychological warfare against Bosnia. Soros has announced various projects, including setting up a "jobs bank," and funds to aid small businesses and an "independent media." Soros said he is setting up a new media training school in Sarajevo; his "independent media" project is being run in partnership with the British Broadcasting Corp.

Agriculture

Russian official demands food security

Gennady Seleznev, Speaker of the Russian State Duma (parliament), warned that Russia must give top priority to its food security needs, in an interview with *Rossiskaya Gazeta* on Feb. 6.

Seleznev condemned the rush to meet "international standards" in production at the expense of domestic industry. "I wouldn't be surprised," he said, "if we sent the Chelyabinsk tractor plant down the drain just because its tractors cannot compete with those we bring in from Japan, the U.S., or Germany. The government should have some priority fiscal policy with regard to domestic manufacturers. The impression is that, in Russia, only those enterprises can count on the government's help whose production can compete on the world market. However, we believe that reaching the world market is a task of secondary importance. What is more important is to use the potential of our own industry in order to saturate the domestic market and the markets of other CIS States. And this will require State support. . . ."

"I do not know where we've got this idea from of doing everything according to world standards. Russia should first of all think about how to provide itself with what it needs. One of the urgent problems is food security. Tomorrow the world community may not like the way Russia is developing and decide to stop sending us food products. If hunger riots begin, no one will be able to control the situation."

Infrastructure

Rail tunnel set for Straits of Gibraltar

An agreement for a railway tunnel under the Straits of Gibraltar was signed by the governments of Spain and Morocco in Rabat on Feb. 6. Spain's Transport Minister José Borrell told the daily *El País* that work on the project will begin with the construction of a maintenance tunnel in mid-1997.

The project, which includes two concrete tunnel tubes of 28 kilometers for high-speed trains operating between Tarifa, Spain and Tangiers, Morocco, will take 13-15 years to build and require initial investments of \$4-5 billion. The tunnels will run 400 meters below sea level, and 100 m below ground. The total length of the link will be close to 39 km. Total investments, which include plans for a second track sometime after the first is completed in 2010, will be about \$20 billion.

Financing for the project remains uncertain (except for the maintenance tunnel, which will be handled by the two governments). The Spanish government, which also signed other cooperation agreements with Morocco, forgave Moroccan debt owed to Spaniards in the range of \$3 billion, on condition that the money be invested in joint infrastructure and technology projects with Spain.

The rest of the funding is to be shouldered by the European Union and private investors, officials from Spain and Morocco said. In a joint communiqué issued after a two-day visit to Rabat by Spain's Prime Minister Felipe González, the two governments pointed to "the political and economic importance of a fixed link between Europe and Africa . . . which would consolidate regional cooperation."

Russia

Prosecutor opens probe of privatizations

Russia's chief prosecutor Yuri Skuratov is launching a high-profile investigation into the privatization of some of Russia's most valuable enterprises, the London *Financial Times* reported on Feb. 6. The paper called it the "most serious blow to date" to the privatization program. Skuratov says he will conduct an "intensive" investigation into how leading State enterprises were sold off. Criminal charges are likely, in some cases. One case that will be scrutinized carefully, is that of Norilsk Nickel, a transaction that involves a top Moscow bank.

The *Financial Times* admitted that Russians find the privatization program to be "deeply corrupt and unjust."

The chairman of the Duma Security Committee, Viktor Ilyukhin, has called for a re-examination of government policy vis-à-vis the privatization of defense firms and other large enterprises of strategic significance. He also called for a national program aimed at identifying these strategic enterprises and ensuring that they do not fall into private hands, Russian or foreign. He accused foreign firms of trying to buy up, either directly or through proxies, defense enterprises. Ilyukhin also claimed to be aware of instances in which foreign or Russian firms have acquired important enterprises, only to close them down in order to use the space for other purposes.

Overall production at defense plants in Russia has fallen by 44% over the past two years, radio Ekho Moskvvy reported on Feb. 6. Conversion programs have been hindered by a shortage of investment for retooling. One exception, however, is the Mias rocket design center in Sverdlovsk Oblast, which is preparing for production of city trams, formerly imported from Czechoslovakia.

Mining

Philippines sweetens pot for takeovers

The Philippines government issued five investment options on Feb. 6, in addition to outright purchase of government-controlled mines, for selling off the country's mining sector, the London *Financial Times* reported. Gold and copper mining contributed 20% of export revenues in the late 1970s.

"Overseas interest in the gold- and copper-rich Philippines mining sector . . . surged last year when the government lifted restrictions on foreign ownership," the paper said. The Fidel Ramos government also allowed foreign owners 100% repatriation of profits and slashed excise taxes on gold, copper, and other metals.

Now, the Asset Privatization Trust is giving would-be investors options to enter joint-venture arrangements to manage State-owned mines, fixed management contracts to operate such mines, build-operate-transfer deals, lease-purchase facilities, and a "securitization" facility, which allows the parties "to experiment with equity arrangements."

CHINA AND RUSSIA will jointly produce SU-27 fighters in China, the London *Daily Telegraph* reported on Feb. 5. Some 40-60 fighters, which are superior to those now flown by the Chinese Air Force, will be assembled at Shenyang Aircraft Co. over three years, with Moscow providing technical assistance and all the parts. Russia will make at least \$2 billion from the deal.

THE INDIAN RUPEE has fallen about 15%, from 31.37 to the dollar five months ago, to 36.74 now. Foreign investment, which rose to \$3.6 billion in 1994, fell to \$1.5 billion in 1995, contributing to the decline.

'THERE ARE 40 little Jeffrey Sachs" carrying out his advice to governments around the world, Pascal Riche wrote in the Feb. 6 French daily *Libération*. These destroyers of national economies are among those being trained at a "Harvard Institute for Economic Development," that Sachs has established.

THE GERMAN economy is overburdened with 3 million outmoded industrial jobs, Herbert Henzler, the chairman of the German branch of McKinsey Corp., said in an interview in the weekly *Der Spiegel* in early February. His consulting firm is in the business of telling industrial firms how to eliminate jobs.

INDIA is facing a hepatitis B epidemic, which kills more people in India *each day* than AIDS does in a year, Dr. B.N. Tandon said at a symposium on the disease, the India *Economic Times* reported on Feb. 3. India has 43 million carriers, the second largest HBV pool in the world.

RETAIL CLOTHING stores are closing in the United States in record numbers, the Feb. 6 *New York Post* reported. On Feb. 2, two national chains, Today's Man and Merry-Go-Round, filed for Chapter 11 bankruptcy. Peter Schaefer, at Dillon Read investment bank, traced retailers' woes to "rising consumer debt, meager pay raises, and job insecurity."