

Business Briefs

Economic Policy

Asia, Ibero-America economic forum proposed

A heads-of-state forum of Asian and Ibero-American leaders has been proposed for early next year, to improve economic ties between the two continents, Japan's *Nihon Keizai Shimbun* reported on April 4. These governments are said to be "united in their opposition to the IMF's [International Monetary Fund] prescription of high interest rates and tight fiscal policies for countries hit by the financial crisis," Singapore's *Straits Times* commented on April 5.

The forum was proposed by Singapore Prime Minister Goh Chok Tong, and the Japanese paper reports that, in principle, China, South Korea, Japan, members of the Association of Southeast Asian Nations, and some 30 Ibero-American states, including Brazil and Argentina, have agreed to it. Singapore is to host a senior officials' meeting later this year. Further motivation for the forum is the disappointing result from the Asia-Europe Meeting in addressing economic issues.

The *Straits Times* alludes to an "anti-American" element, implying that the United States and IMF are synonymous, but unnamed Japanese Finance Ministry officials said that the United States would not likely oppose the forum.

The British Empire

Her Majesty's CDC to seek partners in Israel

Queen Elizabeth II's Commonwealth Development Corp. (CDC) is seeking partnerships with Israeli firms for investments in agricultural and other projects in Africa, Ibero-America, Asia, and the Commonwealth of Independent States. The CDC is part of the complex of semi-governmental organizations, such as Crown Agents Ltd., which have been created by Her Majesty's government to run the new empire. The CDC has been particularly active investing in African, Asian, and Ibero-American companies and

other public and state enterprises that are being privatized under the orders of the International Monetary Fund and the World Bank.

A delegation from the CDC was scheduled to visit Israel in mid-April. CDC manager Andrew Hamilton told the Israeli daily *Ha'aretz*, "We are very impressed with the Israeli companies. . . . Our goal is to aid private companies looking for a financial partner with connections in, and familiarity with the target market, in order to diffuse the risks associated with emerging markets, in a period in which investing in these markets is considered especially risky."

Labor

Steel Workers decry manufacturing loss

United Steel Workers of America (USWA) President George Becker condemned free trade policy, in testimony to the U.S. Senate Finance Committee on March 23. "The current steel crisis, the inadequacy of the WTO [World Trade Organization], and the negative effects of NAFTA [North American Free Trade Agreement], are all symptoms of a profound long-term problem facing America: the loss of our industrial manufacturing base."

Becker testified in support of S. 395, designed to stop steel dumping into the United States, by Russia and other nations that are under International Monetary Fund orders to "export out of the crisis." The bill was part of a campaign launched by the USWA and the steel industry. On March 17, the House voted up its version, H.R. 975. In a March 17 press release, Becker stated, "Our government has not embraced a policy of preserving this nation's industrial manufacturing base. . . . The victory [of H.R. 975] signals Congress' unwillingness to continue pledging allegiance to a failed system of global trade that sacrifices American jobs to bail out international bankers."

Meanwhile, in Russia on March 25, Aleksandr Barantsev, director of Krasnoyarsk Aluminum, in an interview with *Moscow Rossiyskaya*, said that Russia's metal

producers couldn't survive by exporting on the basis of a cheapened ruble. Rather, he said, "it is vitally important for us to expand the use of aluminum in our country. . . . The current Russian government has declared support for domestic producers to be one of its top priorities. . . . In France, this is called indicative industrial planning."

Unfortunately, a perspective for global economic recovery, such as Lyndon LaRouche's proposal for a New Bretton Woods, combined with the Eurasian Land-Bridge project, has not been forthcoming from the USWA or Russian or U.S. industry leaders.

Colombia

Economy is in worst shape in 60 years

The first three months of this year have revealed a devastating collapse of the Colombian economy, on all fronts. Unemployment is now at an unprecedented 19%—some 1.6 million people out of work in a country where the narco-terrorists are recruiting by offering stipends. Economic growth is an official negative 4% for the first trimester. Car sales fell 63%, energy consumption fell nearly 3%, industrial production collapsed 13%, exports fell 18%; the demand for gasoline fell 16%.

The Pastrana government is meeting round-the-clock with farmers, industrialists, merchants, and labor, asking for suggestions on dealing with the crisis, in particular with the soaring unemployment, which is acknowledged to be a time bomb. One suggestion, by former Presidential candidate and head of the opposition Liberal Party, narco-Senator Horacio Serpa, urged cutting the work week from 48 hours to 40 hours, in order to "provide jobs for the jobless." The government is already cutting back expenses, by pledging to lay off 200,000 state workers.

As trading partners like Venezuela and Ecuador sink deeper into recession, the Colombian economy will fall even faster. It is into this crisis situation that Harvard Prof.

Jeffrey Sachs will soon be landing, to peddle his poisonous "adjustment" recipes.

Japan

Employment shifts away from manufacturing

As the labor market shrinks in Japan, more and more jobs are shifting from the manufacturing sector to the service sector, a report by Fuji Research Institute said on March 31. During the six-year period that began in 1992, workers in manufacturing industries decreased 10%, while positions in the service sector have risen about 10%. A September 1998 survey by the Japan Institute of Labor found that after changing jobs, the average worker took home 254,000 yen a month, down from 300,000 yen before the switch; with less money coming in, households are forced to cut back on spending and the economy falls further.

Mitsubishi Electric Corp. announced extensive cost-cutting measures on March 31 "to improve its group profitability." It plans to reduce its workforce by 14,500, after decreasing staff by 2,600 people this fiscal year. Hitachi will reduce its workforce 10%, to 60,500, by the end of fiscal 1999.

Meanwhile, McDonald's Japan is undertaking an "aggressive expansion." It has recruited record numbers of new workers for fiscal 1998 and 1999.

Due to this trend, Fuji Research projects that Japan's unemployment rate will rise from about 4.4% now, to 5% in fiscal 2000.

The introduction in Japan of a new accounting method is exacerbating the problem. It emphasizes "consolidated results rather than the parent-only account," meaning that a parent company must now report not only its own losses, but those of all its subsidiaries, which used not to be so closely examined by the stock market profit mavens. This is forcing parent firms to lay off workers in the subsidiaries in a frantic effort to cut duplication and costs. NEC Corp., for example, announced on March 31, the day the new law went into effect, that it will sell off its entire stake in its affiliated heavy electric machinery maker Nippon Electric Industry

Co., which will result in thousands of layoffs.

"Only six months ago, Japanese companies were reluctant to adopt drastic restructuring measures, saying that they had to protect the livelihoods of their employees," Nikkei reports. "But in a complete policy reversal, they now cite shareholder accountability as the reason for carrying out sweeping rationalization" and layoffs.

Space

NASA considering all-female mission

As the first Space Shuttle mission led by a female commander nears, there has been increasing speculation that the space agency is considering an all-female mission. Air Force pilot and NASA astronaut Eileen Collins will lead the Shuttle mission scheduled for July, to deploy the Chandra X-ray telescope.

The reason for an all-female crew would be to accelerate the accumulation of physiological data on the effects of microgravity on women, which is expected to be different than that of men. Of the 278 people who have flown on U.S. spacecraft since 1961, only 31 have been women. There are currently 29 women in the astronaut corps of 119.

In a recent interview, NASA head of life sciences Dr. Arnauld Nicogossian said that NASA is seeking outside evaluations of whether more gender-specific research is needed. When studies are completed at the end of June, he said, "then we'll decide if it makes sense to have a mission dedicated specifically to fly women, and how often we have to continue that type of mission." He said it would not be a one-flight project. It is well known that one of the major effects of space flight is the loss of calcium in bones. Since women are more prone to develop osteoporosis, especially after menopause, they may need different prophylactic measures in space than men.

Millie Hughes-Fulford, who flew on the Space Shuttle in 1991 and is now a professor at the University of California, said that as an osteoporosis researcher, she would be interested in the results of such a flight.

KAZAKSTAN'S currency, the *tenge*, lost almost half of its value on April 5 and 6, after the government decided on April 3 to let it float. There is widespread fear of a new round of Central Asia currency devaluations. Kyrgyzstan's Central Bank said on April 6 that it is intervening to support its currency, the *som*, which lost 70% of its value since August 1998.

THE FEELING is growing among international banking circles that maybe, after all, the Malaysian capital controls are effective," a London financial expert told to *EIR* on April 8. "The view . . . is now that, in the long run, . . . what [Prime Minister] Mahathir did last September . . . might have stabilized the situation and prevented far worse from occurring. This is quite a change for these circles."

JAPAN'S domestic sales of automobile units fell 11.2% during the fiscal year ended March 31, to 4.2 million units, compared to a year earlier, the second straight year of collapse, a survey released April 1 by the Japan Automobile Dealers Association showed. The figure, the lowest in 12 years, was an output cut of 30%, or 1.7 million units, from Japan's peak production in fiscal 1990.

SOUTH AFRICA'S unemployment rate is more than 30%. At least 1.5 million jobs have been lost since 1994, and 5-6 million people are virtually unemployed. "There is a division in wealth," said one economist, "and it is not between white and black, but between those who have jobs and those who do not." "The country is sitting on a powder keg," the *Die Burger* newspaper commented on April 2.

BRITAIN reports an increase in deaths of patients with Creutzfeldt-Jakob disease, which has been linked by some experts to bovine spongiform encephalopathy, or "Mad Cow" disease. In 1998, twelve people died of CJD. Prof. John Collinge, of the Control Commission, warns that an epidemic "is absolutely possible."