

Business Briefs

Britain

Blair Policy Means End of Most Manufacturing

A continuation of the policies of Prime Minister Tony Blair means the end to a good part of Britain's manufacturing sector, warned a survey presented by the Confederation of British Industry (CBI) in London on May 9, the *Independent* reported. The 14-year high of the pound sterling against other key continental European currencies, the government's taxation policy, and the political encouragement of companies to slash their workforce rather than invest in long-term improvements of industrial equipment, have put a big question mark over the future of manufacturing in 7 out of 11 British regions, the CBI stated.

The government's refusal to discuss the pound issue, and its ecology-minded climate-change tax, have created a burden on industrial companies, for which many managements try to compensate by slashing their workforce and reducing investments. But, "the lessons of history teach us that once the jobs have gone on this scale, then they are gone forever," said Neil Blake, of the Business Strategy consulting firm that carried out the survey in cooperation with the CBI.

John Towers, the head of the Phoenix consortium, which just bought Rover from BMW, demanded immediate steps in order to prevent further extensive damage to British industry, in an interview with the May 12 London *Times*. The government has to understand, he said, that the economy cannot survive on non-exporting service industries. "Someone at some stage in the value chain has to make something," he said.

Asia

China Needs 'Grand Passageway' to South

It is now time to build an "international grand passageway" connecting southwest China to South and Southeast Asia, stated Chinese economist Hu Angang, in an interview with the April 30 *China Daily*. Building this "grand passageway" will "significantly pro-

mote economic integration" of these three regions, he said. Hu Angang is adviser to a special research team studying cooperation among Southwest China and Southeast Asia and South Asia.

The "passageway" would include developing railways, expressways, waterways, aviation, oil pipelines, electric grids, telecommunications, and Internet networks. Communications bottlenecks seriously limit current cooperation in this region, Hu said.

China and its neighbors must cooperate to build or upgrade highways, to form a high-grade highway network, including a key route from Kunming to Bangkok and Singapore.

Existing railways should be linked to form three key arteries: one, in the west, from Kunming to west Yunnan's Dali, and then to Myanmar's Yangon; one, more central, from Kunming to Bangkok; and another to the east, to upgrade the existing Yunnan-Vietnam Railway.

In addition, the Lancang-Mekong River, which passes through China, Myanmar, Laos, Thailand, Cambodia, and Vietnam, is expected to be exploited as a key international inland waterway. Hu said that large oil-storage facilities and refineries could be jointly built in Yangon to process Mideast oil that would be transhipped via a pipeline to Kunming. Hydropower resources in Southwest China could be exploited also for Thailand and other countries.

Hu also said that first priority should be given to aviation relations, to promote tourism, and encourage such Chinese exports as cigarettes, flowers, and traditional medicine.

Public Health

Irradiated Hamburger Goes on Sale in U.S.

The first irradiated hamburger patties went on sale on May 16 in Minneapolis supermarkets. These are the first red meat products to be commercially irradiated in the United States using the electron beam method. The meat is irradiated by Titan Corp., at its new plant in Sioux City, Iowa, and marketed by Huisken Meats.

Titan's plant is dedicated to meat and poultry processing, using Titan's "Sure-

Beam" system, and Titan has contracts with several major food companies, including Tyson Foods, Cargill, Emmpak, IBP, and Hawaii Pride. The plant can turn out 80,000 hamburger patties per hour. The low-level radiation kills harmful food-borne pathogens, such as listeria and salmonella, without affecting the taste or wholesomeness of the food product.

"We are at an important point in the history of public health—a moment on par with the introduction of milk pasteurization earlier in this century," commented Jan Malcolm, Commissioner of the Minnesota Department of Health.

How long it will take irradiated ground meat to arrive at other locations around the country depends largely on consumer demand.

Economic Policy

Ignore IMF, World Bank, Says Nigeria's Aluko

Prof. Sam Aluko, the former chairman of Nigeria's National Economic Intelligence Committee, attacked the International Monetary Fund (IMF) and the World Bank for their meddling in the 2000 budget process, in an interview with the daily *Vanguard* on May 8.

"I don't support the dictation of the IMF and the World Bank in our budget. They are a nuisance," Aluko said. "The IMF and World Bank are snookers. They want to control all governments in the developing world. The running down of government is as a result of the IMF, the devaluation of our currency is their handiwork, the privatization is as a result of their pressure. It is high time that our government resists them. Now they say we want to take over \$1 million from them. What for? . . . I think we should wash our hands of any deal with them. Let them keep their money, let us organize ourselves. We are not a poor nation."

Professor Aluko said, "At the end of the day, those who stole our money would end up buying those things we now want to privatize." Speaking of enterprises that are beginning to be privatized, he said: "If they are run very well, they will not collapse; let government pump money into them, and let us

see if they would perform excellently. . . . How are we to be sure that private persons can finance properly what government cannot finance?" Aluko added, that for the electricity in the country to be efficient, Nigeria needs about 20 electric power authorities, instead of the "one we have."

Professor Aluko is an endorser of Lyndon LaRouche's Presidential campaign (*EIR*, Dec. 24, 1999, p. 64; see also *EIR*, Jan. 16, 1998 for his views on the Nigerian economy).

New York City

More Dependent on Wall Street than Ever

Contrary to the claims of some, New York City is more dependent on Wall Street now, than it was at the time of the 1987 stock market crash, according to a study by the New York Federal Reserve, the May 1 *New York* magazine reported. In 1998, the combined salaries and bonuses paid by Wall Street firms accounted for 19% of the total New York payroll, up from 11% in 1987. Some 75% of the capital gains recorded during the recent boom accrued to the richest 2% of the city's taxpayers.

"Because Wall Street represents a much larger share of the city economy than at any time in the past, a significant downturn in the industry could result in more severe employment and income losses than those recorded in the 1970s or the early 1990s," warned the study by New York Fed economists Jason Bram and James Orr.

A study by economist James Parrott showed that 97% of the increase in the city's total paychecks during 1990-97 went to workers on Wall Street, and that from 1992, when the city's "recovery" from recession began, the Wall Street crowd accounted for 56% of the gain. That so-called recovery was largely based on the Wall Street bubble.

The U.S. Department of Commerce estimates that every new job on Wall Street creates two other new jobs in New York, and Wall Street supports many of the city's restaurants, bars, car dealers, parking lots, clothing stores, law firms, accountants, and advertising firms (and, although the article was quiet on the subject, cocaine dealers).

The "most glaring" impact of Wall Street, the article stated, is in the "exorbitant run-up in real-estate prices."

The stock market crash of Black Monday 1987 devastated New York because of the cutbacks and layoffs on Wall Street, which hurt the city's and state's tax revenues, prompting tax hikes; within a few weeks of the crash, housing prices began to fall, eventually dropping 25%, with the real-estate market not regaining 1987 levels until 1996.

Political Economy

Thailand 'Too Weak for Free Market,' Says Judge

Chai-Anan Samudavanija, respected academic and member of the Constitutional Court, criticized the government's rush to pass legislation to speed up market liberalization, and insisted that the country is too weak to resist the forces of globalization, in an address to a seminar on the government's ninth economic and social development plan, the *Bangkok Post* reported on May 11.

Chai-Anan's alternative to Article 87 of the Constitution, which obliges the state to promote a free-market economic system, is in the direction of a concept of "general welfare," and more in line with the approach of King Bhumiphol, emphasizing "a sufficiency economy" (i.e., self-sufficient); a shift in emphasis from private sector to community cooperation; growth without greed; and development, which includes consideration of cultural, political, and educational aspects. National economic plans, so far, Chai-Anan said, have barred any input from the people and, thus, cannot be sustained. He accused the government of being obsessed with strengthening the private business sector, warning that if this situation continues, there will be conflict between government and people.

The manager of the government pension fund seconded Chai-Anan's remarks, saying that the government has been too generous in opening up Thai markets. A Thailand Development Research Institute adviser pointed out that budget constraints will cause the government to focus on paying off the public debt, when it should prioritize investment in education and public health.

JAPAN'S 16 major banks wrote off bad debts totalling 4.5 trillion yen (\$43 billion) in the year ended March, three times the figure projected last May. The higher-than-expected figure was attributed to losses by subsidiaries, losses on real estate held as loan collateral, and corporate debt gone bad.

BANGLADESH is ready to export excess natural gas to India, Foreign Secretary Gulam Rahman said at a meeting organized by the Federation of Indian Chambers of Commerce and Industry, *The Hindu* reported on May 10. There is domestic opposition to the plan, but the United States is urging Bangladesh to exploit its gas potential.

CHINA is expected to invest about \$10 million in Pakistan Railways projects, including doubling the 121 kilometer track from Lodhran to Khanewal, electrification of 161 km of track from Khanewal to Samasata, construction of rail bridges, and installation of signalling equipment.

ARCHER DANIELS Midland's view of customer relations was revealed by an unnamed executive during an illegal price-fixing meeting with a foreign competitor: "We have a saying here in this company that penetrates the whole company: Our competitors are our friends, our customers are the enemy." The remark was captured on tape by the FBI, according to *Smart Business* magazine.

THAILAND and Vietnam, the world's two largest rice exporters, with exports of 10 million tons, have agreed to cooperate to stabilize world rice prices.

GHANA'S President Jerry John Rawlings called for a redefinition of globalism on May 10. It is unfair to call a system "globalized" when only one sector defines the concept and its terms of operation, he said. Nations should take a cue from the Malaysian-initiated Smart Partnership, he said, where global interaction becomes mutually beneficial.