

Business Briefs

Economic Policy

People more important than profit, says pope

Pope John Paul II criticized unbridled free market economics on April 25, telling an audience of academics and bankers gathered at the Pontifical Academy of Social Sciences in Vatican City that people are more important than profit, according to news wire reports.

The pope told the audience, which included Hans Tietmeyer, chairman of Germany's Bundesbank, that economic systems had to serve the "primacy of the human person," and that every man had a "primordial right to work." "History broadly shows the failure of regimes marked by planning which injures civil and economic freedoms," the pope said. "But that does not of itself lend credit to systems that are diametrically opposite. . . . Unfortunately, experience illustrates that a market economy, left to unconditional freedom, is far from bringing the greatest possible advantage to people and societies."

The pope, who met the group before leaving on a visit to the Czech Republic, said rapid economic growth in newly industrialized countries created wealth, but also carried a human price. He said that it was essential that political action be aimed at creating a welfare system in the midst of market economies to protect the weakest sectors of society. "There are still too many poor people around the world, who have no access to the least share of the opulent wealth of a minority," he said.

The Academy began a five-day meeting on April 22 on the subject of work, and is to draw up a series of recommendations for the Vatican.

Germany

Machine tools the biggest asset, says industrialist

The invention of new machine tools could be Germany's most important contribution to the development of the world economy, Berthold Leibinger, former head of the Ger-

man machine builders association and currently head of Trumpf GmbH, the world market leader for industrial lasers, said in an interview with the April 26 German economic weekly *Wirtschaftswoche*.

Leibinger said that the suggestion that a machine-building sector is unnecessary to future technologies is nonsense. "It's exactly the opposite," he said. "You are articulating an obviously very deep misunderstanding in public opinion," he told the interviewer. "Machine building is a fascinating integration of technologies" in which "new tools such as lasers" are being used. "Machine building has a leading role in the fostering of technological progress, which is urgently needed in any national economy," he said.

When challenged to explain what this means, at a time when industrial companies are being replaced by service companies, he said, "I claim that the wealth of big nations will remain based on the production of goods. . . . We will always live in a physical world, with real materials and tools we can touch. And if we want to build machines, we will have to maintain and protect essential parts of the production in Germany."

He said, "A swimming teacher, who has no access to a swimming pool, is in the long run not really convincing. Look at the U.S. In the 1980s: The world market share of U.S. machine tools shrank, and at the same time, the domestic market share of U.S. automobile producers shrank. Here is a logical connection: Because the U.S. automobile industry was no longer able to buy first-class, domestic, world-market-style tools, they lost their competitiveness."

Southeast Asia

Thailand opens up western seaboard

For the first time since 1938, the Thai military will relinquish its control of 80% of Kanchanaburi province, a part of Thailand, which covers 19,483 square kilometers along the border with Myanmar (Burma), in order to free up the area for projects associated with the Western Seaboard Development plan. Somphop Thirasan, deputy secretary general of the Federation of Thai

Industries in Kanchanaburi, announced on April 17.

Thai Industry Minister Korn Dabbaransi has ordered the Petroleum Authority of Thailand to conduct a feasibility study of "a land-bridge linking the Gulf of Thailand with the Andaman Sea," between the Myanmar coastal town of Bokpyin and Bang in Thailand, as part of the government-approved, 100 billion baht (\$4 billion) Western Seaboard Development Project, the *Thailand Times* reported. The corridor would allow transport of natural gas from Myanmar's Yadana and Yetagun gas fields in the Andaman Sea to electricity plants in Bang Saphan. Industry Minister Korn has asked Texaco to study the possibility of such deliveries, and the firm has reported that shipments from Yadana to Kanchanaburi province could begin as early as July 1998. Korn pointed out that "the land-bridge will allow goods shipped between Europe and Asia to bypass Singaporean ports."

The Western Seaboard Development project covers six provinces along a 450-kilometer stretch facing the Gulf of Thailand on the east and Myanmar on the west. Just south of the pipeline, Myanmar plans to build a deepwater port at Tavoy, and has begun surveying a road to connect Tavoy to the Thai border town of Bon Ti.

Australia

Business group pushes high-speed rail line

Members of the Australian Inland Railway Expressway Group, a business consortium, met with Australian Prime Minister John Howard on April 21, to discuss plans to build a \$10 billion, 4,000-kilometer high-speed rail link from Melbourne in the southernmost part of the Australian mainland, up the east coast to Brisbane, and across to Darwin, the *Herald Sun* reported on April 20.

The rail line would carry freight, such as fresh fruit and vegetables, from Victoria and New South Wales, and agricultural and mining products from NSW and Queensland, which, upon reaching Darwin, would be shipped out to Asia by freighters and fast catamaran ferries. The high-speed train will be

THE TOKYO stock market's recent rise "is related to a decision about 10 days ago by the Ministry of Finance," a London financial strategist told *EIR* on April 24. "The ruling allows their postal savings bank, Kampo, to increase the amount of funds invested in stocks. Since then, the Nikkei has steadily climbed . . . But it does nothing to solve the underlying problems of bank debts."

AN 'ASEAN PIPELINE' from Indonesia to Thailand, and beyond, is being planned, Pertamina (Indonesia's oil company) Executive Vice President G. Nayoan told a Society of Petroleum Engineers meeting in Malaysia on April 14. The pipeline will pass through the Natuna field in the South China Sea, the region's largest undeveloped gas field.

A SINO-GERMAN council was set up, in Bonn on April 23, which will define 15 areas of joint development of technologies for China's industry, such as in coal mining and processing, power generation, and petrochemical, metallurgy, and automobile production. German investments in China's industry are expected to triple to \$2.8 billion.

MACEDONIA'S biggest private bank, TAT, collapsed, and its management was arrested on April 25, for defrauding 23,000 investors of \$85 million. The bank was involved in the pyramid schemes in Albania, and used about \$35 million in state funds.

INDONESIA is ready to bridge the Sunda Strait between Sumatra and Java, *Republika* reported on April 2. The 26-km bridge will be begun in 1998, pending final government approval. The government wants the project to be solely foreign-funded with a 30-year concession.

THE RUSSIAN natural gas monopoly Gazprom received \$3.5 billion in credits from a predominantly German banking consortium during Russian President Boris Yeltsin's visit to Germany in mid-April, *Die Welt* reported on April 22.

able to carry light perishable freight at 250 kilometers per hour, and heavy freight at 150 kph. Produce from Victoria will be in Darwin in 22 hours, and in Singapore within three days, five times faster than the best road and sea freight times currently.

The spokesman for the consortium, Everal Compton, said that verbal agreements had been obtained from most Australian heads of government, and after written agreements are obtained, a \$1 million feasibility study will be done into the project's potential profitability. He also said the entire project will be privately funded, would employ about 5,000 people, and be operational by 2003.

Shipping

China, Taiwan agreement will boost development

The agreement signed on April 23 by China and Taiwan, opening the first direct shipping line between them in 48 years, will catalyze the development of infrastructure on the island as well as on the mid-southern coastline regions of the mainland, the German daily *Die Welt* commented. The agreement links the mainland Chinese ports of Xiamen and Fuzhou with the Taiwanese port of Kao-hsiung, and is designed to eventually handle 25% of the cargo in those regions.

The regular transfer of large volumes of cargo is expected to generate an increased demand for small and medium-sized vessels on which goods from international freighters can be transhipped, fueling shipbuilding and other industries on both sides of the Strait.

The new line is also expected to free Shanghai and Hongkong, so that those ports can handle much larger volumes for delivery to other regions of mainland China that need a massive inflow of industrial goods for the initial phase of their development.

For the mainland regions in the south, the new role of Kao-hsiung will be an incentive for much broader industrial and infrastructural development, also into the inland regions, through railroads, highways, and canals.

For Taiwan, the construction of the high-

speed rail link Taipei/Kao-hsiung makes even more sense, because development in the mainland regions opposite to the island will create a demand for goods produced on Taiwan; so, there is an additional demand for modern rail infrastructure also on the island.

Trade

Egypt, China sign cooperation agreement

Egypt's Prime Minister Kamal Al-Genzuri met with China's President Jiang Zemin and Prime Minister Li Peng during a visit to Beijing in mid-April, and his delegation signed five major contracts on infrastructure and industrial projects in Egypt in which China will participate, *Al-Ahram International* reported on April 19.

The two most important of these projects are China's construction of an industrial zone along the Suez Canal, and China's participation in the building of the "New Valley," the major project for constructing a water channel running parallel to the Nile, to irrigate 25% of Egypt's land area which is desert. The industrial zone will be about 60 kilometers long on the Suez, and include heavy industry, steel, and fertilizer production. According to Egyptian authorities, this project will provide jobs for more than 100,000 Egyptians, and make full use of the strategic location of the Suez Canal between Asia and Europe.

The visit to China was highlighted in the Egyptian media. *Al-Ahram*, the official daily published in Europe, in a front-page commentary titled "The Road to the East," outlined the necessity of building strong relations with the growing economies in Asia, especially China, and said that Egypt should take China's independent economic development policy as a model. It stressed the necessity of abandoning the "Western advice on dealing with economic development issues such as massive privatization and liberalization, which is the usual advice given to Third World nations by western institutions." The "Chinese pragmatic economic policy could become a model for Egypt," it said.