

# Business Briefs

## Infrastructure

### Bridge will link Asia to African continent

Representatives of the Egyptian and Japanese governments signed an agreement to construct a 70-meter-high suspension bridge across the Suez Canal, linking the Sinai peninsula and the African part of Egypt, Egyptian television reported on Aug. 26. Construction will cost approximately \$100 million, of which Japan will contribute \$65 million. All feasibility studies were conducted by Japanese experts during 1996 and 1997.

The bridge will include both rail lines and highways. Egyptian TV reported that the bridge "will not only link the new economic region in Sinai, but will also contribute as a link between Africa and Asia." Egypt is carrying out an ambitious program to bring water to Sinai to cultivate about 500,000 acres of land, and create an industrial zone on the eastern side of the Suez Canal, in cooperation with China.

## Russia

### The death of the Far North regions

In the past five years, more than 50% of the population of Russia's Far North has left these regions, due to desperate conditions of life and employment. Interviewing some of them, *Izvestia's* Vladimir Shmyganovsky found that most of these people loved the North and did not want to leave, but were forced out by months-long wage delays. According to Vladimir Pavlenko, head of the Center of Arctic Exploration of the Russian Academy of Sciences, the level of morbidity is 40% higher in the Far North than the average level in Russia, and the mortality rate is 70% higher. Life expectancy among indigenous ethnic groups such as Chukchas has decreased to 40-45 years.

After the collapse of the Northern Sea Route, its infrastructure is severely devastated. In Valkumei, former center of tin mining, the entire population, except pensioners, has not gotten wages for over a year. Dead

bodies of starved people lie in their apartments for weeks. The Krasnoarmeysky settlement, previously belonging to the Pevek petrochemical factory, has disappeared. Except for the young and energetic new mayor of Pevek, almost everybody is sure that this town will also disappear from the map. Retail prices in the region are astronomically high (1 kilogram of potatoes costs 23,000 rubles, compared with 2,000 rubles in Central Russia). It costs 17,000 rubles to ship 1 kg of food to the North.

The author mentions that, since the recent reform that let private banks into the gold trade, the banks are treating the gold miners like slaves. There had been speculation in the media that workers would earn more under the reform, but reality has been the opposite.

## Climate

### The most severe El Niño in 150 years is forecast

The rise in ocean temperature measurements in the Pacific for July is "the largest in 150 years of recorded data; before that we simply didn't keep data," according to a paper by climatologist Jagadish Shukla, presented on Aug. 26 at a UN conference on climate in Geneva, Switzerland. The effect of an *El Niño* is to shift trade winds and the jet stream, which disturbs major stable weather patterns, such as those over the Rocky Mountains and the Himalayas, leading to periods of extreme drought or extreme flooding around the world.

The forecast is, that as this *El Niño* hits the western coast of North and South America this winter, it will lead to severe flooding there, and likely drought in Brazil, Australia, and Africa. "This *El Niño* is shaping up to be the weather event of this century until it finally breaks sometime next spring," Shukla told Reuters.

"The danger is, this one could be far worse than the severe *El Niño* of 1982-83," noted a City of London financial source who is close to leading meteorologists in the U.K. "Then, the world had ample grain surplus stocks. This time, however, we have let the surplus run down to near danger levels, so

the impact on world food supply and on world financial markets into next year could be devastating."

## Labor

### UPS strike a 'school for Russian unions'

An article in the daily *Pravda Pyat* on Aug. 23, on the strike by United Parcel Service employees, marks a break in the impression generally promoted by the Russian media, that labor strikes are an activity favored by unreconstructed Bolsheviks in Russia, and that they don't take place in the West. The article, by Feliks Beleyubsky and Taras Muranivsky, headlined "An American School for Russian Trade Unions," analyzes the strike, and the labor policies that provoked it.

The article identifies the strike as the largest, "and, importantly, most successful," trade union action in the United States in the past 25 years. It describes the paralysis of a large part of package shipping for 16 days. The strike was prepared long in advance and in painstaking detail, the authors write; trade union leaders "were in no hurry to resort to the weapon of a strike. They conducted prolonged negotiations with UPS. Only when all other means were exhausted, did the employees take the decision to bring the huge shipping company to a standstill." The authors explain that the motivation was the unacceptable practice of hiring part-time workers, who receive an average pay of \$8.50 an hour, as opposed to \$19 an hour for full-time workers. These part-time jobs are profitable for the company, because medical insurance, pensions, and paid leave are not provided to the part-timers.

The authors reviewed the support for the strike, quoting AFL-CIO leader John Sweeney that "supporting this strike is an honor for every member of the labor movement." It quotes the London *Independent's* coverage, which said that the UPS strike may be a warning signal, that not all is well with the U.S. economy, contrary to the assurances of economists and political leaders. The authors cite polls, that showed 55% popular support for the striking workers, and the re-

**LORD DENNIS HEALEY** warned that “the euro will provoke riots and street fights,” if the austerity necessary to meet the single monetary union criteria are imposed, the Aug. 30 *Frankfurter Allgemeine Zeitung* reported. The former British secretary of the treasury recently turned 80.

**JAPAN'S** Foreign Economic Cooperation Fund will lend Turkmenistan \$39 million to upgrade its rail network, including the renovation of the Ashkhabad depot, providing maintenance equipment for locomotives, and computerizing the traffic control system.

**TRADE** between Ukraine and Iran will reach \$1 billion by year's end, a tenfold increase over 1996, Volodymyr Butyaga, Ukraine's ambassador to Teheran, stated in an interview with *Iran News* on Aug. 26. “Ukraine is Iran's window to Europe,” he said. Ukraine will import Iranian oil, for refining and re-export, in exchange for industrial goods.

**THE CZECH** government, in a fit of free-market insanity, said on Aug. 27 that it will privatize or abolish 37% of the rail network in the Czech Republic by 2000, and lay off 17,000 workers, Czech Television reported. The electricity distribution company Prazska Energetika recently cut power to the headquarters of the Czech Railroads firm for nonpayment of 304 million crowns (\$9 million).

**MITSUBISHI** Heavy Industries Ltd. said on Aug. 25 that it will form a consortium to tender for an estimated \$1.7 billion nuclear power plant project in Turkey. The units would have an output of 2,000 to 2,800 megawatts.

**UNEMPLOYMENT** will reach more than 5 million in Germany this winter, Horst Siebert, director of the Kiel World Economics Institute and a member of the government's economic advisory council, and Ursula Engelen-Kefer, vice chairman of the German labor federation DGB, warned in separate reviews. Officially, unemployment is now 4.3 million.

fusal of President Clinton to invoke Taft-Hartley to stop the strike.

Belelyubsky and Muranivsky enumerate the main elements of the settlement: the reduction in creation of new part-time positions, the creation of new full-time jobs, and the denial to UPS of control over the pension fund. “On the whole,” they conclude, “a victory that is quite instructive for Russian workers.”

## Britain

### No advantages found in rail privatization

Geoffrey Allen Pigman, an American teaching political economy at the University of Birmingham, England, warned against privatization, based on the results of the 1996 privatization of the state-owned British Rail system, in the Aug. 27 *Journal of Commerce*. His warning comes as a December 1996 Cato Institute report, which argues for British-style privatization of Amtrak, is now being examined in the U.S. Congress.

Cato's report says that the market alone should decide which routes in Amtrak's already skeletal national network should survive, and at what prices rail service should be offered. Pigman warns, “Without even debating the broader question of whether the already minimal public investment of Amtrak—less than 0.07% of the annual federal budget—is a good investment for the American taxpayer, the flawed idea of rail privatization should be exposed for what it is.”

The British experience: 1) reduced operating efficiency (harming the consumer) because whenever any service problems occur, the new private railway operators always blame another company, with continued service delays at no cost to the negligent operators. 2) Privatization does not yield the advantages of direct competition that its supporters claim; even in Britain, it was not deemed commercially feasible to permit more than one firm to operate similar service over the same rail line. 3) Privatization has not ended the need for public funding of passenger rail service. Under the terms for selling off the rail network and franchising pas-

senger services, a huge, ongoing investment in tax monies is included, because it was unlikely that stock floatations would have succeeded for rail operators, or that private firms would have bid on rail franchises, had they been expected to operate their service without any government support.

Whether run privately or not, Pigman asserts, passenger rail service must remain a regulated monopoly, because a regulatory authority sets standards of service. He states that Congress should recognize that a modern, energy-efficient passenger rail system, like interstate highways, airports, and sea-ports, is a public good, and fund them accordingly. Congress should consider the advantages of a balanced and future-oriented national transportation system in which a revitalized Amtrak can play a leading role, rather than “be fooled by the wrongheaded privatization experiment of a now-defeated government in Britain.”

## Health

### Food-borne bacteria affects children

According to the first national survey in Australia on childhood illnesses, carried out over three years, 80 children have suffered kidney failure and ended up on dialysis, caused by eating contaminated food, the *Age* reported on Aug. 12. The survey, launched at the Australian Pediatric Conference in Christchurch, New Zealand, said that the children have all been infected with previously unrecognized, but highly toxic strains of bacteria.

Dr. Elizabeth Elliott, director of the pediatric surveillance unit at Sydney's New Children's Hospital, said that this number was “just the tip of the iceberg.” There are far more children suffering from serious food poisoning, with many going undiagnosed, because there are few laboratories in the country that can test for these new strains of bacteria, which are different from those seen in Europe and the United States.

The Food Safety Campaign Group, a government and industry working group, said there are more than 2 million cases of food-borne illnesses each year.