

Business Briefs

Finance

Schmidt Scores U.S. for Blocking Market Controls

Germany's former Chancellor Helmut Schmidt said that if the United States dropped its opposition, leading nations could decide on financial market controls, to confront financial turmoil. In an interview in the Berlin daily *Der Tagesspiegel* on Jan. 2, Schmidt said that it is time that governments regain power over the globalized financial markets; in particular, "the investment banks and hedge funds are exposed rather insufficiently to banking supervision, so that there, controls must be imposed."

"The most important governments, the G-7 plus China plus Russia, must jointly resolve: We want to put this and that under control, and you have the obligation to translate that into national legislation," Schmidt said. It is possible to achieve that, "if the most important states want it. But the Americans do not want it, at present. And the EU [European Union] does not have a common financial foreign policy, not even an internal financial policy."

Schmidt voiced dissatisfaction with the current generation of EU politicians. He pointed to Charles de Gaulle, Jean Monnet, Robert Schuman, Giscard d'Estaing, and Konrad Adenauer as leaders who promoted European progress.

Transportation

Rail Passenger Service Links Russia, Asia, Iran

Regular rail passenger service among Russia, Central Asia, and Iran via Turkmenistan was scheduled to begin on Jan. 11. The rail line is an extension of the Iran-Turkmenistan line from Mashhad to Sarakhs and the Russia-Tajikistan line from Moscow to Dushanbe. The two lines will be joined at Chardzhou on the Turkmen side.

The new line will make travel from Dushanbe to Tehran possible in 55 hours, with two of those hours required to change gauges at the Iranian border, from Russia's

1,520 millimeter to Iran's 1,435 mm. The Uzbek capital, Tashkent, will also be served by the route. Initially, trains will run once a week.

Meanwhile, the 341 kilometer Buchara-Samarkand line, another important Central Asian rail segment, will be modernized, with investments of \$155 million, \$70 million of which has been okayed by the Asian Development Bank; \$80 million will be shouldered by the state railway company of Uzbekistan, and \$5 million by the Organization of Petroleum Exporting Countries Development Fund.

In year-end reviews, Russian and Kazak government officials emphasized that transport corridor development is a priority. In Moscow, Alexander Kolik, head of the economic policy department of the Russian Transport Ministry, said on Dec. 27, that Russia could expect an additional \$3-5 billion in annual revenues resulting from international commodity transit through Russia.

At a special event for diplomatic missions in Almaty on the same day, Kazakstan Foreign Minister Erlan Idrisov stressed Kazakstan's role as a transit point for trade and communications between Europe and Asia. Earlier in December, Kazak media reported that the government has presented a new proposal to China for joint work on the completion of a 6,500 km modern rail link from the European Atlantic coast to the Kazak-Chinese border. The project was also discussed between the Presidents of Kazakstan and Russia in Moscow, as well as in other high-level diplomatic meetings, in mid-November.

Science

China Plans To Boost International Cooperation

Chinese Minister of Science and Technology Zhu Lilan announced in a Dec. 27 press conference, that as part of China's Tenth Five-Year Plan, funds for international cooperation will be increased by at least 100 million yuan (\$12 million), to launch a major international science and technology program.

For the first time, *People's Daily Online*

stated, the International Space Station (ISS) is listed as one of the important elements in its international scientific cooperation. Other projects to be considered include a high-energy physics hadron collider, and projects in nuclear physics, new materials, Earth science, life sciences, and other fields.

Wang Shaoqi, head of the international cooperation department of the Ministry of Science and Technology, reported that more than 100 major international science-research programs are currently under way. At the same time, China will support young scientists taking part in the high-tech programs launched by the European Union, and will join more international organizations.

In the white paper on the Chinese space program issued in November, while international cooperation was discussed as an important goal, neither Russia nor the United States, the two major partners in the ISS, were mentioned by name for increased cooperation.

Africa

Economists Push Stronger Industrial Policy

Two-dozen African economists have urged changes in policy, including a role for the state, to industrialize the continent, according to *African Economists Insist on Stronger Industrial Policy*, a book summarizing many of their findings, by Thandika Mkandawire, currently director of the UN Research Institute for Social Development, and Charles C. Soludo, a member of the Governing Council of the Nigerian Economic Society. The economists carried out some 30 separate studies, in the largest African research project on structural adjustment so far, but the individual studies have not yet been published.

Industrial policy in Africa—or rather, the lack of one—is an area that particularly concerns these economists. Equating earlier industrialization approaches with "statist" policies of intervention, the World Bank has exhibited a "deep-rooted anti-industrial-policy position," argue Mkandawire and Soludo. Economic liberalization and the removal of state protection in Africa came too

KAZAKHSTAN President Nursultan Nazarbayev has issued a decree for the foundation of a Kazakhstan Development Bank, to begin operation in July 2001. The bank will be built on contributions from all of the nation's districts, and preferentially support investments of industrial facilities.

THE SOUTHERN AFRICAN Development Community has plans under way to link all hydropower firms in the 14-nation group into a common power network to strengthen power distribution. Dubbed the "Southern Africa Power Pool," member countries will complement each other's power supply in such crucial times as droughts, when hydroelectric supply is affected.

JORDAN will start operating a small nuclear research reactor in early 2002. Energy Minister Wael Sabri told the *Al-Arab Al-Youm* newspaper on Dec. 31, that this past year, Jordan, in cooperation with the International Atomic Energy Agency, began construction of the \$1.7 million, 27 kilowatt reactor. This introduction of nuclear research into Jordan can help lay the basis for the nuclear-centered LaRouche Oasis Plan, for large-scale desalination and energy production for the Middle East.

THE RUSSIAN State Statistics Committee told Interfax on Jan. 4 that if existing mortality trends continue, only 58% of young men now age 16 will reach their 60th birthday. Committee experts noted that this was only slightly better than the projections for 16-year-olds in 1897, when 56% were expected to reach 60.

CHOLERA is raging in South Africa, with the number of cases doubling over the last month to have afflicted more than 12,000 people. The epidemic has spread to Zambia, Malawi, Swaziland, Mozambique, and Tanzania. Malawi's National Statistical Office has warned that 22%, or 2 million, of the country's 9 million residents have no access to proper sanitation or sewerage systems.

fast to allow industry to adapt. Unable to adapt to stiff global competition, at a time when investment levels in Africa were declining, many of the continent's fledgling industries were forced to scale back or shut down. African exports of manufactured goods declined drastically. The book also shows how International Monetary Fund structural adjustment programs have encouraged the export of raw mineral and agricultural products, basing Africa's trade even more solidly on primary commodities.

The authors agree with proponents of export-oriented policies, that trade can help spur economic growth in Africa, but say that this will happen "especially when a country has increased the share of manufactures in its exports." For this to happen, African countries will need to adopt explicit industrial policies, somewhat along the lines of the more successful East Asia states.

While private initiative will be important in spurring greater industrialization in Africa, say the researchers, "these forces need to be managed with appropriate state-interventionist policies to resolve pervasive market failures." This should include some protection for "infant industries," in a way that gradually allows them to mature and enhance their international competitiveness.

India

National Mission Set Up For Technology Education

Indian Prime Minister Atal Behari Vajpayee announced the formation of the National Mission for Technology Education, at the 88th session of the Indian Science Congress on "Food, Nutrition, and Environmental Security," in New Delhi, on Jan. 3. Vajpayee said that the objective is "to ramp up, on a crash basis, the facilities at technology and engineering institutions. It will also seek to close the gap between academia and industry, on one hand, and between teaching and research institutions, on the other."

Vajpayee invited scientists to take "bold and unconventional" initiatives. He assured them that there will be a hike in investments for R&D, removal of bureaucratic controls

in research and higher-education institutions, and radical reform in the governance structures of higher education. He said that the challenges and opportunities of global competition in the emerging "knowledge economy" had placed a major task before the nation, to create top-level professionals in information and bio-technology.

Urging the promotion of innovative public-private partnership for funding scientific research, Vajpayee focussed on educating farmers and narrowing the gap between the farmers and the scientists, in an era of "precision agriculture" that is knowledge-intensive, and uses the latest that the science has explored.

Eurasia

Russian TV Boosts Trans-Siberian Railroad

On Jan. 2, a Russian public-television special showed how the Trans-Siberian Railroad is being extended into East Asia. The occasion was the first train to run in a newly electrified section of the route, the day before. More than 9,000 kilometers of the line is now electrified, with only 270 kilometers more to be upgraded.

"Every new electrified section of the railway brings us to a new level in terms of technology, production, and economic potential," the commentator said. "Electrification will make it possible to increase both the freight volume and the speed of trains."

"The electrification of the Trans-Siberian Railway is not a single major project of the 21st century. An agreement has been reached on restoring the rail connection between the Democratic People's Republic of Korea and the Republic of Korea," the commentator continued. "The Trans-Siberian Railway will stretch to the port of Pusan, South Korea, and will become the most important transport bridge linking Europe and Asia. The construction of tunnels and bridges to link the continent with Japan, via Sakhalin, will start in 2001. The Railway Ministry's experts believe that a rail connection of Tokyo with London will become reality within the first decade of this century."