

Business Briefs

Russia

Putin Signs Presidential Council On Science

On Nov. 8, Russian President Vladimir Putin signed an order creating a new "Presidential Council on Science and Technology," headed by Putin, and composed of 25 leading figures from the Russian Academy of Sciences and other scientific institutions. The council is given wide powers to put together a picture of scientific developments inside and outside Russia, to advise on science and technology policy, and to ensure implementation.

The deputy head of the council is Russian Academy of Sciences President Yu. Osipov. The list of council members shows emphasis on nuclear and space technology, biology, and medicine. In addition, former Prime Minister Yevgeni Primakov has been asked to join.

Putin's move comes on the eve of an election process within the Academy of Sciences itself, which began on Nov. 12, in the course of which a new president and governing bodies will be chosen. Unlike previous elections, this one may bring far-reaching changes, including a "generation-shift," with younger members replacing some of the aging Academicians, many of whom are 70 years of age, or older. Speculation in recent weeks, that Putin would make a major intervention into this process, appear to be coming true.

Infrastructure

President Mubarak Opens Firdan Railway Bridge

On Nov. 14, Egyptian President Hosni Mubarak opened the Firdan rail bridge that links Sinai with the mainland, after more than a 30-year interruption following the 1967 Mideast War. The 640-meter-long bridge is the longest revolving rail bridge in the world. Through it, the dream of reopening the "Orient Express" will be realized, after Arab countries fulfill their obligations to complete the line on the Asian side of the Arab nation.

The bridge, which carries the rail line that extends 225 kilometers from Ismailia to Rafah, has been built at a cost of £1.5 billion, to integrate Sinai fully into Egyptian economic, social, and political life within the framework of the national project to develop Sinai up to 2011.

A German consulting firm designed the bridge in collaboration with Egyptian engineers and rail experts. It can be opened to allow the passage of large ships through the Suez Canal, and future expansion of the international waterway was taken into consideration. There are two lanes, one on either side of the rail line, for the passage of cars and trucks of up to 70 tons.

Reopening the "Orient Express" will also depend on achieving peace in the Middle East. The "Orient Express" service was interrupted several times because of wars. The first time was during World War II in 1939, and again during the Palestine war in 1948. But the Cairo-Sinai line continued up to 1967, with an interruption in 1956. After the 1967 war, Israel used the rail lines in building the Bar Lev line, which was destroyed by Egyptian forces in the 1973 war.

As Mubarak told the press, building such vast infrastructure projects, like railways and bridges, shows that Egypt's commitment to peace is strategic. As soon as peace has been established with Israel and other Arab nations, the rail line can extend through Israel and into Turkey. The project is part of Egypt's broader infrastructure program, which aims at linking the country, and through it, Africa, to the Eurasian Land-Bridge.

Nuclear Energy

Construction Starts On Russian-Chinese Plant

Installation of the Russian-made equipment for the Chinese-Russian Tianwan nuclear power station began in mid-November. The Tianwan station is being built at Lianyungang, which is also the eastern terminus of the Second Euro-Asian Continental Bridge.

The Tianwan nuclear plant "is expected to become China's key power supply center in the 21st Century," China's *People's Daily*

reported on Nov. 15. Begun in October 1999, it should be completed in 2005.

The first phase of the Tianwan will have two nuclear-power-generating units with a design capacity of 1.06 million kilowatts. Both the Russian and Chinese governments, as well as many scientists and engineers, are cooperating on this project, the largest cooperative project between the two countries. Alexander Rumyantsev, Russian Nuclear Power Minister, when in Lianyungang, said that Russia attaches great importance to the nuclear plant, and hopes to explore more opportunities for cooperation between the two countries on nuclear energy. The station will have four Russian-made pressurized water reactors, each with a generating capacity of 1 million kilowatts. The German company Siemens' digital instrumentation and control systems, believed to be the most advanced in the world, will be used.

China now has four nuclear power projects under construction. The other three are the second and third phases of the Qinshan Nuclear Power Station in east China's Zhejiang Province, and the Ling'ao Nuclear Power Station in south China's Guangdong Province.

Economic Policy

Galbraith: Bretton Woods Type Of System Needed

Economist James K. Galbraith raised the need to return to a Bretton Woods-style international monetary system, in an October paper in the *Post-Autistic Economics Newsletter*.

The shock of Sept. 11 only "intensifies a decline that was already well under way," Galbraith said, warning that the United States is facing "an economic calamity." "There is . . . no chance that events will right themselves in a few weeks," he said, "or that we will be saved by such underlying factors as technology and productivity growth—as Chairman Greenspan professes to believe—or by lower interest rates or the provisions of the recent tax act. Rather, we are in for an economic crisis; the sooner this is recognized and acted upon, the better. . . . The dan-

ger, at the moment, is collapse.”

“Therefore, like it or not, a new and more just and stable global financial order will have to emerge from the present crisis. . . . The modern system of floating exchange rates and unregulated international capital markets — just 30 years old — has never been tested on the present scale. It could easily fail now. This being so, planning for a transition in the global financial system toward an effective multilateral regulatory and stabilization system should begin quietly, but soon. It is time to examine a return to a Bretton Woods framework of fixed but adjustable exchange rates among the major currencies, backed by a multilateral reserve. . . .

“If mass unemployment or inflation cannot be avoided by pre-emptive means,” he said, “then the entire experience of the New Deal and the War Economy will have to be called upon in due course.”

Economic Idiocy

Greenspan Accepts Enron Prize For Public Service

In an event ripe with irony, Federal Reserve Chairman Alan Greenspan was in Houston on Nov. 13, to accept what the *Houston Chronicle* described as “the Baker Institute’s Enron Prize for Distinguished Public Service.” The James A. Baker III Institute for Public Policy, named for the elder Bush’s Secretary of State, is located at Rice University. Presenting the award to Greenspan, the “Chairman of the Financial Speculative Bubble,” was Enron official Ken Lay.

In his speech to the event, Greenspan cited “the prospective imbalances in energy supply and demand and the importance of market prices in resolving those imbalances,” and noted “that the same price signals that are so critical for balancing energy supply and demand in the short run also signal profit opportunities for long-term supply expansion.”

It is not known whether Greenspan and Lay took the opportunity to regale each other with their respective success stories, or compare the similarities between Greenspan’s speaking style and Lay’s financial reports.

Rice officials said it was too early to say whether the prize will be renamed the Dynegey Prize, after the firm which is taking over the failing Enron.

Space

China Is Accelerating Its Manned Program

Following a trip to Beijing and Shanghai, and interviews with some of China’s top space managers, *Aviation Week* editor Craig Covault reports in the Nov. 12 issue that the pace is quickening in China’s manned-space and booster-rocket programs, and China has great interest in participating in the International Space Station (ISS).

Director of the China National Space Administration Luan Enjie told Covault that China is now training a dozen astronauts for manned flights starting as early as 2002. A vehicle assembly building, resembling NASA’s at the Kennedy Space Center, has been completed, to be able to process two launch vehicles simultaneously, including the man-rated Long March 2F booster. A new, heavy-lift booster is also under development, as well as a series of small satellites. Conceptual design studies and technology development for linking two Shenzhou manned capsules together, as the precursor for a small space station, are also under way. Unmanned probes to the Moon and Mars are being considered. Luan said that China plans to double its civilian space budget over the next five years, to accomplish these goals.

Covault observes that while China’s space buildup will compete with other space powers, both commercially and politically, it also presents new opportunities for space cooperation.

In the United States, such cooperation has been stymied in the past by the fixation on technology export controls, human rights, and non-proliferation. Shortly after the Bush Administration came into office, China broached its participation in the ISS. “We want more frequent communication with entrepreneurs, engineers, and enterprises in the U.S., so that we can have extensive cooperation in the future,” Luan told Covault. “My hope is that the U.S. can treat us as friends.”

NATURAL GAS spot market prices for November jumped up 79% from October. While prices are still 32% below the highly inflated speculative price of November 2000, this is only the first month of the Winter heating season, and analysts can find no reason for the sudden hike. Storage inventories are near capacity, and the economic collapse has capped U.S. industrial demand.

THAILAND and Cambodia agree to build several roads linking the two nations, after a visit by Cambodian Prime Minister Hun Sen to Bangkok in mid-November. One, from Ankor Wat, Thailand, will pass through the former Khmer Rouge headquarters at Anlong Veng. Another will link Thailand’s eastern provinces to the Cambodian port of Sihanoukville.

ISRAEL is officially in “recession,” after the Central Bureau of Statistics announced a 2.8% drop in third-quarter GDP, which is the second month that it fell. On Nov. 15, Prime Minister Ariel Sharon told the annual conference of the Manufacturers Association of Israel, that Israel had fallen into a “difficult period, a period of economic emergency.”

U.S. HOUSING starts are expected to plummet by more than 33% in the fourth quarter, while sales of new homes will drop by more than 20%, despite sales incentives provided by builders and negligible interest rates, according to a semi-annual forecast issued on Nov. 14 by the National Association of Home Builders. Existing home sales are forecast to fall by more than 21%.

VF CORP., one of the world’s largest apparel makers, headquartered in Greensboro, North Carolina, is to cut 13,000 jobs, about 18% of its workforce. Meanwhile, Burlington Industries, once the largest textile maker in the world, filed for bankruptcy on Nov. 15. The firm employs 11,000 workers in the United States, Mexico, and India.