

# Business Briefs

## Education

### Attack on Classical curriculum sparks row

Luigi Berlinguer, Italy's minister of education, caused a major controversy in mid-August by stating that the Classical Liceo (high school) "has corrupted us." According to Berlinguer, as quoted in all of the major Italian press on Aug. 15 and 16, the Classical Liceo, which emphasizes study of Greek and Latin, leads to a denial of "manuality."

Berlinguer, a member of the Party of Democratic Socialism and the cousin of Enrico Berlinguer (the former leader of Italy's Communist Party), was publicly supported by a member of the party's executive, although praise and condemnation for the minister's comments came from all sides of the political spectrum. Support for the attack on Classical education is based on the perceived necessity to keep up with the technological innovations in the workplace, and thus to be able to compete in the global economy.

Such approaches, however, lead to the dumbing-down of the labor force. The Classical curriculum is necessary to enable people to learn how to think, to function as citizens of a republic. Italy's education system, unlike that of the United States, is federally centralized, and thus, any reform is initiated by the government and permeates the entire system.

## Petroleum

### Iran, Pakistan to build refinery, study pipeline

Iran and Pakistan signed an agreement on Aug. 21 to build a joint oil refinery in Pakistan, *Al-Hayat* reported. The refinery, which will cost \$1.2 billion, will be built in Pakistan's southwestern Baluchistan province, and will refine 120,000 barrels daily of crude oil imported from Iran. The Iranian News Agency announced, that according to the agreement signed by Iran's Oil Minister Gholam Reza Aghazadeh and his Pakistani

counterpart, Mohammed Asghar, the two countries will cooperate to build the refinery, using Iranian expertise and material; 70% of the cost of construction will be covered by international sources.

Iran and Pakistan also signed an agreement to conduct a feasibility study for a 1,600-kilometer gas pipeline to supply 1.6 billion cubic feet of gas per day to Pakistan. The National Iranian Gas Co. and Interstate Gas Systems Ltd. agreed to a fast track for a detailed feasibility study of the proposal, after a meeting of the Iranian oil minister with Pakistan's Federal Minister for Petroleum and Natural Resources Anwer Saifullah Khan.

Pakistan's gas requirement is increasing at a very high rate of around 8% a year. In winter, Pakistan resorts to gas cuts for industrial areas in order to meet the requirements of domestic consumers. Domestic consumption is also increasing, with rapid population growth and extension of the gas supply to more and more towns and cities.

## High Technology

### Transrapid will make money, says executive

Germany's high-speed magnetic levitation railway project, the Transrapid, could generate DM 1 billion (\$670 million) in income annually, according to chief executive Dieter Baum, *Welt am Sonntag* reported Aug. 25. The line is to begin operation in 2005.

Baum said that contracts were almost complete to build and service the maglev rail line that will cover the 290-kilometer (180-mile) Hamburg-Berlin route in about an hour. Baum said that the firm to operate the Transrapid would be founded officially in Berlin this year or early 1997. It would go public by autumn 1998, with starting equity capital of DM 500 million.

Baum said construction would begin next year. The main contracts to build and service the track and trains would be spread among members of a consortium financing half of the semi-state project. Tenders would be sought Europe-wide, but, Baum said, "it

is not conceivable that any other firm could provide the standards needed." Transrapid is 50% financed by a consortium comprising Thyssen, Siemens, Daimler-Benz, Hochtief, Holzmann, Bilfinger and Berger AG, and Deutsche Bahn AG, the German state railway operator. Baum thinks it would be simplest to give Deutsche Bahn the role of monitoring the track, trains, and personnel.

Annual operating costs for the venture would be around DM 280 million a year. In addition, Deutsche Bahn would receive around DM 130 million a year for use of the tracks and another DM 170 million once the venture has reached breakeven. Transrapid officials are projecting an annual passenger ridership of 14.5 million. However, Baum said, the venture could still turn a profit by 2010 if riders were as low as 12.5 million.

## Russia

### Renationalization of raw materials mooted

Plans are on the table within the Russian elite "to restore the state monopoly over natural raw materials resources" in order to generate revenue, *Nezavisimaya Gazeta* reported on Aug. 14. The plan involves using the Federal Program for Intensified Combat Against Crime in 1996-1997, approved in May.

On Aug. 2, *Izvestia* wrote that the State Committee on Precious Metals has recommended renationalization of the diamond firm Almazy Rossii-Sakha, because the diamond industry has been turned from an earner of more than \$1 billion a year for the state, into a loss-maker.

On Aug. 13, according to *Nezavisimaya Gazeta*, there was a leadership meeting of the Union of Oil Exporters of Russia, attended by the heads of more than 20 oil companies, including LUKoil and YUKOS, which oppose the restoration of a state monopoly on natural resources, especially oil. They told the press that this would mean "a departure from the policy of liberalizing Russia's foreign economic relations and the integration of Russia into the world economic system," and would make it more dif-

difficult for Russia to join the World Trade Organization, as well as damage relations with the International Monetary Fund (IMF) and harm the investment climate and the world market position of Russian oil exporters.

Politically, the paper said, Prime Minister Viktor Chernomyrdin and other ministers would oppose such a move, but it noted that Internal Affairs Minister Kulikov recently proposed to fund the Army and Internal Forces with oil dollars and rubles. Other gossip has it, that the President's staff is pushing these scenarios, only in order to pass the latest IMF review. The IMF's many years of anti-market struggle against the Russian oil and gas companies show that the Washington officials could not give two hoots about the competitiveness of Russian business, *Nezavisimaya* observed, and the Fund might be quite happy with promises of increased budget revenues, raised by a reintroduced state oil monopoly.

## Labor

### Productivity higher in Germany than Britain

A comparative survey carried out by the Munich-based IFO institute over a three-year period (1991-93), found that the productivity and qualifications of the labor force were higher in Germany than in Britain, the *Frankfurter Allgemeine Zeitung* reported Aug. 23. Even Irish industry comes better off than Britain's, in many aspects, the IFO researchers found. The report is based on interviews with 3,500 firms in Germany, Britain, and Ireland.

For example, 71% of the German firms interviewed introduced newly developed products to the market, against 68% of the Irish firms and 61% of the British ones, indicating a higher rate of innovation.

In terms of the general qualifications of the workforce, 25% of German high-technology firms have problems finding qualified workers, compared to 31% in Britain. In the automotive industry, 44% of the British firms have problems finding qualified workers. In firms with more than 500 employees,

the respective percentages in Germany, Ireland, and Britain are 14, 17, and 40%.

The IFO findings corroborate an earlier report which defended the higher wages in Germany against those in low-wage Britain, and which said that the productivity and workforce qualifications in Germany were almost twice as high as those in Britain's industry. The figures of the IFO clearly discredit the propagandists of the neo-conservative movement in Germany, who praise the British model of "Thatcherism."

## Nuclear Energy

### Turkey looks to tap new energy potential

"Nuclear power is a must for Turkey," Energy Minister Recai Kutan said on Aug. 20 during a meeting with businessmen in the city of Izmit, the Anatolian news agency reported. "We cannot build big hydroenergy power plants every year. We must make use of our nuclear energy potential."

Kutan said Turkey was seeking to revive a 30-year-old plan to build a nuclear power plant on the Mediterranean coast. Previous governments shelved the plan after protests from residents, local politicians, and environmental activists. Officials said the government would invite an international tender to build the plant, originally designed to have a generation capacity of 1,000-1,400 megawatts and produce up to 10 billion kilowatt-hours (kwh) annually—nearly 10% of Turkey's needs. Its total cost is estimated at \$3-5 billion.

Turkey had been self-sufficient in electricity for years, but lack of investments led to shortages. The obstacles were aggravated by a constitutional court ruling in the early 1990s that demanded special oversight of projects involving foreign concerns. That decision has delayed at least seven power projects with a generation capacity of about 1,000 MW, worth around \$2.6 billion, according to official figures.

The decision, announced by Kutan, makes even more clear the determination of the Erbakan government to achieve long-term energy independence.

**GERMANY** needs infrastructure investments of more than DM 800 billion (\$500 billion), DM 300 billion in water management alone, stated Otmar Franz, the chairman of the construction industry association, the Aug. 18 *Frankfurter Allgemeine Zeitung* reported. This year, construction bankruptcies will lead to a loss of 100,000 jobs, and every billion marks creates about 12,500 jobs, he said.

**MYANMAR** and Thailand held discussions in August, in part aimed at reviving plans from 1979 for dams along the Salween River, which parallels their border, *Asia Times* reported on Aug. 6. The projects were held up by the civil warfare in the area which, with the surrender of Khun Sa, is winding down.

**FRANCE'S** oil group Total SA said on Aug. 19 that Malaysia's Petronas had taken a 30% stake in a \$600 million project to develop two oil and gas fields in Iran. The Sirri deal is the biggest foreign commercial contract signed by Iran since the Khomeini takeover in 1979.

**TURKEY'S** Prime Minister Necmettin Erbakan announced on Aug. 21 major defense industry accords with Pakistan, Malaysia, and Indonesia. "Turkey, Pakistan, and Indonesia are in agreement to jointly produce military transport aircraft," he said, and would also seek to cooperate in manufacturing military helicopters, submarines, and frigates.

**JAPAN** plans to shift low-interest loans from coastal regions in China to underdeveloped inland areas, according to the *Nihon Keizai Shimbun*, the Aug. 19 Singapore *Business Times* reported.

**DANISH** shipyards face investigation for 308 cases of suspected financial fraud over 1986-95, that garnered them support from the state, the European Commission announced Aug. 19. The move came days after the Danish Supreme Court ruled that the 1992 Maastricht Treaty is open to challenge in Danish courts.