

Business Briefs

Infrastructure

Egypt contracts for Africa-Asia bridge

Egypt has contracted two local firms and one Japanese firm to build a \$150 million suspension bridge across the Suez Canal. The 2.4-mile bridge, set 230 feet above the waters of the canal so that the largest ships can pass, will be the first overland road link between Africa and Asia since the canal was built in the 1860s. The only current transport links from African Egypt to the Sinai Peninsula are the Ahmed Hamdi Tunnel and ferries.

The bridge will be near the town of Qantara, 29 miles south of the city of Port Said. It will serve mainly northern Sinai, where the government is planning to irrigate 400,000 acres of land. The population of all Sinai is expected to rise to 3.2 million in 2017 from a few hundred thousand today, as a result of the transportation and irrigation project. Traffic across the canal is expected to reach 50,000 vehicles per day by 2015, and it will take 42 months to build the bridge, the government says.

Development

Chinese official says, a 'human right' is to eat

China's Vice Premier Li Lanqing told the Argentine daily *Clarín*, in an interview on May 20, that "the principal human right is to eat and develop oneself." He had been asked about human rights violations in China.

"There are concepts of human rights common to all humanity, but due to different cultural histories and degrees of economic development, there are different points of view on other aspects. Let's take an example: For some countries, the prohibition of homosexuality is a violation of human rights, but we believe that the reverse is true," he said. "For us, as a government of a developing country, the principal human right is to eat and to develop oneself. If we do not safeguard these two rights, we cannot then speak of other human rights."

Li Lanqing was leading a delegation on a visit to Brazil, Cuba, Colombia, Chile, and

Argentina, in an effort to develop South-South trade and economic relations with Ibero-America.

Southeast Asia

Rail, not airline hub urged in Thailand

Chalongphob Sussangkarn, president of the Thailand Development Research Institute, proposed that Bangkok, the Thai capital, not compete as an aviation center, but serve as a high-speed rail hub, linking the capitals of Vietnam, Cambodia, Laos, Myanmar, Malaysia, and Singapore, the *Bangkok Post* reported on May 20. Chalongphob made his proposal in a speech at a transport seminar in Bangkok the day before.

Chalongphob implied that the population density of the region would make such a high-speed rail network feasible within 15 years, as against trying to meet Thailand's needs alone. Using the example of the French 300 kilometer per hour trains, he said that such systems would cut travel times from Bangkok to Ho Chi Minh City, Vietnam or Yangon, Myanmar, to three hours; or to Vientiane, Laos or Phnom Penh, Cambodia, to two hours. In this way, he said, Thailand could be of "outstanding" service to the whole region.

South Africa

Government's economic strategy has failed

The South African government's growth, employment, and redistribution (GEAR) strategy has failed, Zwelinzima Vavi, assistant secretary-general of Cosatu, the South African trade union, said on May 15, the Johannesburg *Star* reported. Vavi told a Cosatu policy conference on the South African labor market that the federation should devise a strategy "to save our country from an imminent disaster of self-imposed structural adjustment. . . . GEAR has already failed the test Cosatu set for a macroeconomic policy [regarding] job creation, closing the apart-

heid inequalities, and wealth redistribution."

Vavi said the government has acknowledged that it will not meet its job creation target. "If one looks at the Central Statistical Service statistics, there is only one conclusion — instead of job creation there are massive job losses," he said. Labor should resist business calls for a more flexible labor market, because these have amounted to nothing more than the "retention of apartheid in a different form."

Any strategy designed to change the domestic labor market must tackle structural deficiencies introduced by the country's previous dispensation, Vavi said. He added that structural adjustment must include the development of human resources to meet the emerging challenges of the labor market, the adjustment of the significant remuneration gaps between management and labor, and the introduction of a living wage. He added that workers, as the key producers of wealth and the largest segment of consumers, must reject the "neo-liberal" market theory that had reduced labor to a common commodity to be traded freely. Vavi challenged the market theory's advancement of the concept of a "labor elite," because this distorted the real working conditions of the working class. "The irony of the labor market is that 63% of wage earners fall within the category of the poor," he said.

Russia

Officials demand real economic investment

On May 19, two deputies of the Russian State Duma (parliament) demanded investment in the economy to ensure real growth. The call came as the Duma neared a vote on the government's "sequestration," i.e., cut, of 108 trillion rubles from 1997 spending, which is 20% of the budget mandated by law.

Yuri Maslyukov, chairman of the Duma's committee on economic policy and a member of the Communist Party of the Russian Federation (CPRF), said that without a national "development budget," monetary maneuvers of any sort were pointless. "We clearly realize that there are absolutely no changes in the real sector of the economy. And no changes are expected unless we have

a development budget," he said.

Yuri Voronin, a deputy chairman of the committee on budget and taxes, opposed a money-printing proposal, saying, "Concerning emission, yes, I believe this should be done, but the money is not to be used to pay wages and pensions; this money should be directed into the real sector of the economy. If the real sector of the economy does not work, we will never be able to increase the tax base, to increase budget revenue, and so on."

Voronin was referring to a demand by CPRF deputies Gennadi Seleznyov, Viktor Ilyukhin, and others, that the state print 300 trillion rubles in order to pay back wages and pensions. Federation of Independent Trade Unions of Russia leader Mikhail Shmakov endorses this so-called "monetary emission."

Central Bank chief Sergei Dubinin warned against the CPRF "emission" bill, saying in an interview, that printing money could crash the value of the ruble by 80%, to something like 25,000 rubles to the dollar.

Economic Policy

Azerbaijan establishes special economic zone

The United Nations Industrial Development Organization (UNIDO) and the UN Development Program presented in the beginning of May a major investment project for the Azerbaijan city of Sumgait, one of the country's industrial centers with a population of about 300,000. Sumgait has suffered severely from unrest in the region linked to the breakup of the Soviet Union. The Nagorno-Karaback conflict, the war in Chechnya, and the loss of traditional markets have led to the near breakdown of production, to an extent that most plants operate at 10% capacity or less.

In the last year and a half, UNIDO has worked to create a plan for the establishment of a special economic zone in Sumgait to attract potential investors. A law on the zone was recently passed in parliament, and is expected to become effective in June. Six projects in the metallurgical, petrochemical, and textile industries, with a value of investments estimated at \$1 billion, have been

singled out.

The key for Azerbaijan's economy to improve, however, lies in the progress of the Eurasian Land-Bridge. Azerbaijan has vast oil and gas resources, and the first oil and gas pipeline to the Black Sea is expected to start operation in October. Several consortia have signed contracts with Azerbaijan which could bring investments into the country on the order of \$50 billion over five years.

Economic Theory

Mandeville's ethic called 'repulsive'

Spanish journalist Joaquin Estefania attacked the works of 18th-century free-trade economist Bernard de Mandeville, on the release of a Spanish-language edition of Mandeville's infamous "Fable of the Bees," in the daily *El Mundo* on April 6. Estefania said that the Fable is "the most scientific antecedent of Adam Smith's laissez-faire theory," and that Mandeville's "philosophy influenced such personalities as Rousseau, Montesquieu, and even Marx. The work — paradigmatically subtitled 'Private vices make for public prosperity' — forms a repulsive ethic which defends luxury, envy, and pride, and which justifies egoism."

"Mandeville's economic theses, which years later [allegedly] gave rise to capitalism, are, among others, the following: Commercial affairs go better when they are less regulated by government; things tend to find their own equilibrium; untrammelled egoism on the part of each individual will intervene in society so reciprocally that . . . it will rebound to the benefit of the community. On the other hand, state intervention would tend to upset society's *delicate harmony*," Estefania wrote.

Estefania said he read Mandeville's book when three Nippon Bank affiliates went belly up, and noted that the Japanese banking losses were not dealt with by the "invisible hand," but with public funds. Thus, he concluded, "Mandeville's famous thesis may be influential, but does not reflect reality: Society's *delicate harmony* does not exist, because private vices almost never yield public benefits."

NIGERIA stopped British aircraft from landing in the country in May. (The British government barred Nigeria Airways planes two months ago.) On May 15, Nigeria cautioned the British government, following remarks by Foreign Secretary Robin Cook that Britain would support sanctions against Nigeria.

SOUTH AFRICA'S JCI will merge with Lonrho to create a \$3.5 billion mining conglomerate in coal, gold, and diamonds. Anglo American Corp., which has a controlling 33% share in Lonrho, can now gain control over Ashanti Gold, Ghana, the biggest, most profitable gold-producing entity in Africa. SBC Warburg helped design the merger.

AFGHANISTAN suffers from food shortages in many areas of the country, the World Food Program has reported, a spokesman for the UN secretary general said on May 14. In Kabul, for example, wheat flour is in short supply. The Taliban ruling group has called for increased humanitarian food assistance from the international community.

FILIPINA maids, representing 140,000 Filipinas in Hongkong, protested outside the Grand Hyatt Hotel on May 22, where Philippines President Fidel Ramos was speaking, against the exploitation of overseas contract workers, the largest source of foreign exchange earnings for the Philippines.

CHINA'S securities authorities are reigning in speculation, probably being fueled by foreign hot money, on the Shanghai stock market. Authorities fear a repeat of recent disasters in Albania and Russia.

RUSSIA'S official statistics of 1,500 new reported AIDS cases last year, represent only 10% of the actual new cases, according to experts, the *New York Times* reported on May 18. Experts estimate that there will be at least 100,000 people infected with HIV by the end of the year.