

# Business Briefs

## Raw Materials

### Layoffs hit China coal-mining industry

China will lay off 140,000 workers from its coal-mining industry this year, the Aug. 16 *China Daily* reported. The layoffs are part of an economically disastrous attempt to prevent the bankruptcy of the industry. Coal Industry Minister Wang Senhao told the paper that 100,000 workers had already been laid off this year and another 40,000 would go by year's end, on top of last year's cut of 100,000.

China's coal industry employs some 7 million people to produce 1.1 billion tons of coal a year, nearly a ton for every individual in the country, supplying about three-fourths of China's total energy needs.

The government freed up controls on 20% of coal production last year and is to increase that percentage this year to at least 37%. Officials are saying that still more coal might be freed for market pricing, since they believe the action would help save the industry from bankruptcy.

## National Economy

### Chinese consider Japan as economic model

As China looks for the right model for its economy, many scholars think the best example is Japan, the only Asian country to become an economic superpower, Reuters reported Aug. 10.

China should not follow the models of Reagan's United States or Thatcher's U.K., said Feng Zhaokui, vice director of the Institute of Japanese Studies in the Chinese Academy of Social Sciences. "They were too *laissez-faire*. Nor should we go the way of Russia, where a strict planned economy system was suddenly abolished, leading to chaos. . . . There is much we should learn from the Japanese experience in which the government has played a key role in directing and guiding the economy since 1945." The institute's members are regularly summoned to brief China's leaders on Japan's economy, the subject of

more research by Chinese specialists than any other foreign economy.

In the *People's Daily*, columnist Yan Shanping pointed to three aspects of Japan's experience that China should use as an example. In the late 19th century, the Japanese government auctioned off most major industries, retaining only key sectors such as steel and railroads. The government took on the role of regulator and supervisor, and in the postwar period developed an industrial policy to promote certain sectors. Second, Japan's *keiretsu* system, grouping major firms with hundreds of subcontractors through long-term relationships, had created the conditions for the modernization of entire industries. And third, Japan's labor system encourages stable employment, worker participation in developing products, and stresses training and improving skills, he said.

## Narco-Economy

### CIS plagued by growing drug trade

The members of the Community of Independent States (CIS) face a significant drug problem, the July 20 *Kiev Pravda* reported. "The area devoted to marijuana fields in the CIS countries is 20-25 times larger than the rest of the world combined. The experts estimate that some 5-7 million residents of the CIS countries use drugs — four times as many drug users as in 1991. In Russia alone, there are 1.5 million drug addicts, while in Ukraine [there are] about 400,000 or even more."

Journalist L. Denysenko wrote that one of the reasons for the widespread use of drugs, besides poverty and the economic crisis, is the "superabundance" of drugs. "Ukraine is a convenient transit territory for the 'Afghan' and 'Balkan' drug-trafficking routes. Our country, however, is not alone. . . . Both the former Soviet republics and all of the former socialist-camp countries have turned into a gigantic transshipment point . . . for narcotics on the way to . . . the U.S. and western Europe from the 'Golden Crescent' countries — Iran, Iraq, Pakistan, Afghanistan — and from Indochina, known as the 'Golden Triangle.' According to

unconfirmed information, dealers from Russia, the United States, and Ukraine held a grand council last year in Zurich. The results of the council are unknown, but if they managed to agree on something, the narcotics turnover may increase at least 1.5-fold in several years — up from \$500 billion at present."

## Energy

### Chernomyrdin to focus on oil and gas development

Russian Prime Minister Viktor Chernomyrdin will begin a visit to the United States with a three-day stay in Houston, according to the Russian embassy in Washington, the Aug. 21 *Houston Chronicle* reported. He is expected to discuss a number of deals in energy development and space science.

Chernomyrdin will be in Houston Aug. 29-31 to meet with Enron's executives about a deal with Gazprom, Russia's state-owned gas operation. Enron is one of the largest natural gas companies in the United States. Chernomyrdin worked his way up in the Russian oil and gas industry from a compressor operator to become the head of Gazprom in 1985, when Gorbachov came to power.

He will also attend a dinner with energy executives to discuss how to speed up investment by American energy firms in Russia's oil and gas industry. "While increased production of oil and gas would provide the Russians with hard currency to finance economic reforms, U.S. firms have been unable to break through the bureaucratic barriers to make sales or sign contracts," according to the *Houston Chronicle*.

## Asia

### China, Russia promote economic cooperation

On Aug. 11, Chinese Minister of Railways Han Zhubin and a Russian delegation headed by G.M. Fadeyev, Russian minister of railway transportation, announced an agreement to in-

## Briefly

crease cooperation in transportation in order to promote the development of Sino-Russian economic and trade ties. On Aug. 11, a spokesman for the Russian Foreign Ministry said that the volume of trade between Russian and China in the field of military and technical cooperation in 1992 amounted only to \$1.8 billion.

In an interview with the Chinese news agency Xinhua, Han said, "The implementation of the measures will improve the joint rail freight transportation between the two countries."

Fadeyev said that since the two countries are close neighbors, rail transportation is very important. He pointed out that about 65% of bilateral trade between the two nations is conducted by rail, and added that measures have also been adopted by the Russian side to increase efficiency in freight transport to China. "The transportation of all important equipment China imports from Russia will be guaranteed," he said.

### Biological Holocaust

## Tuberculosis spreads on heels of AIDS epidemic

India is on the verge of an explosion in tuberculosis cases due to the AIDS epidemic, the *Hindustan Times* reported on Aug. 17. Of the Indian population, 40% or 360 million (70% of adults) are infected with TB, although in the vast majority, the disease is dormant and they show no symptoms. TB is frequently a marker for HIV infection.

There are at least 100,000 people infected with both HIV and TB in South and Southeast Asia, creating an additional 10,000 new TB cases a year. These are only a small portion of the overall cases in the region (500,000 people a year die of TB in India), but the number of dual infections is expected to rise sharply.

The treatment of a TB epidemic would be impossible for the Indian economy. At this point, only 10-20% of TB cases are fully cured or "bacteriologically negative"; those who are treated with powerful antibiotics tend to discontinue use of the expensive drugs when their symptoms first disappear. In the United States, these circumstances have given rise to a strain

of drug-resistant TB.

In Bangkok, the Metropolitan Administration Health Center announced that Thailand's campaign against TB had been effective until AIDS spread in the country, the *Bangkok Post* reported Aug. 10. About 30% of the Thai population of 56 million carry the TB virus, and about 10% of the 17 million infected suffer from TB. The government is sponsoring a campaign to educate the Thai population about the dangers of TB.

### Astronomy

## Radio telescope power boosted by VLBA

A quantum jump in the power of radio astronomy was launched on Aug. 20 with the dedication of the Very Long Baseline Array (VLBA) at its operations center in Socorro, New Mexico, according to VLBA spokesman David Finley. Sen. Pete Domenici (R-N.M.) was on hand to send a signal to the 10 constituent radio dishes, initiating the telescope's first official observation of a powerful water maser in space known as W3OH.

From west to east, the sites of the 10 radio dishes extend 5,000 miles from Mauna Kea, Hawaii to St. Croix in the Virgin Islands, and from St. Croix in the south to Brewster, Washington in the north. The data are synchronized by hydrogen maser atomic clocks and assembled and processed by a specially designed Cray supercomputer, called the Correlator, that is as powerful as any in the world.

The resolving power of the VLBA is more than 100 times greater than that of its predecessor, the Very Large Array (VLA). The VLA, completed in 1980, has about the same resolving power for radio waves as the Hubble Space Telescope (as designed) would have for optical wavelengths (one-tenth of one second of arc, the angle subtended by a dime at a distance of 20 miles). The VLBA has a resolution finer than one-thousandth of one second of arc.

The Japanese and Russian radio telescope programs are each building an earth-orbiting satellite carrying a radio dish compatible with the VLBA, to further extend the baseline (and hence the resolving power) of the system.

● **THE IRANIAN** Parliament refused to confirm Mohsen Nourbakhsh as finance minister, thus signaling its opposition to the International Monetary Fund-style reforms of President Rafsanjani. Educated at the University of California at Davis, Nourbakhsh was the architect of an economic reform package that included a 95% devaluation of the currency and privatization of state-sector enterprises.

● **THE TAIWAN** black market economy is an estimated \$1.48 trillion, which flowed through the "twilight zone" of underground futures markets, stock houses, casinos, cabarets, pawn shops, and smuggling outfits, according to *Taipei Excellence* magazine. Black market activities were 40% of total monetary transactions and 30% of its GNP, it said.

● **CONTINENTAL** Airlines, which emerged out of its second bankruptcy in April, plans to lay off 2,500 more workers and cut service to nine cities, the Aug. 19 *Houston Chronicle* reported. The airline said it lost \$24.4 million between April 28 through June 30.

● **ZAIRE** is likely to be expelled from the International Monetary Fund, as was Sudan, the German *Wirtschaftswache* business weekly mooted. All bad debtors, be it for reasons of chaos (Zaire), or for a politically motivated refusal to play by IMF rules (Sudan), have to expect sanctions, the weekly warned.

● **THE ARCHBISHOP** of Lima, Peru refused to perform matrimonial services for a banker known for charging excessively high interest rates. The church official pointed to the latest catechism which declares usurious banking policies a "sin before God and mankind."

● **PHILIP MORRIS** Co. Inc., the tobacco giant involved in the black market, said Aug. 16 that it had signed an agreement with China National Tobacco Corp. to produce Marlboro cigarettes for the Chinese market, Reuters reported.