

Business Briefs

European Union

Dutch airport, rail projects planned

The government of the Netherlands is planning to undertake an \$18.8 billion project, involving the expansion of the Schiphol Airport near Amsterdam and construction of a high-speed rail line from Amsterdam to the airport. The project will upgrade the airport for a projected increase in passenger traffic from the current 23.5 million per year to 40 million by the year 2005-10. An air freight capacity of 3 million tons is also included in the project, which centers around the construction of a fifth runway.

Dutch Economics Minister Hans Wijers said that the project, which he characterized as "vital for the national economy," will create 55,000 new jobs, mostly in the Amsterdam area. It is to be completed by the year 2003.

The runway at the airport has been debated from the early 1970s but has been repeatedly delayed because of environmental concerns (engine noise) and lack of funding. It is listed as a second-priority project in the European Union infrastructure development program put out by former European Commission President Jacques Delors.

Technology

Israel-U.S. commission issues first grants

The U.S. Department of Commerce has announced the selection of the first three projects chosen for financial support by the U.S.-Israel Science and Technology Commission. The commission was established in 1993 by President William Clinton and Prime Minister Yitzhak Rabin and is overseen by Commerce Secretary Ron Brown and Israeli Minister of Industry and Trade Micha Harish.

The United States and Israel each contribute \$5 million per year to the commission. In order for a grant to be considered, the proposal must involve Israeli and U.S. companies working together on a project, with the companies contributing half of the total cost. Over 100 proposals were submitted, and the first

round of grants were decided in mid-February at a meeting of the commission in Israel. The three projects chosen involve nuclear medicine, aquaculture, and solar energy.

GE Medical Systems and eV Products in the United States have teamed up with Isorad in Israel to develop a high-performance imaging system to record nuclear tracers to help determine the health of major organs, such as the heart, lungs, and brain. AquaPharm Technologies Corp. and AquaFuture, Inc. are working with Israel's Ma'agan Michael Fish Breeding Center and Ardag, Ltd. to develop new technologies for year-round production of farmed seafood. The solar energy project involves researchers at the Weizmann Institute of Science in Israel.

When announcing the grants, Minister Harish stated that "the commission's impact also will be felt in the creation of an atmosphere where many more binational partnerships may flourish."

Germany

Public infrastructure investments shrinking

Despite the long-term German transportation modernization program, about DM 450 billion (\$280 billion) in total, and huge construction investments in eastern Germany, the level of public construction investment is shrinking. At a meeting on "private financing of public construction projects" in Bonn on Feb. 16, the head of the German construction industry association, Friedrich Hassbach, warned of the implications of this downward trend on the quality of Germany's infrastructure. He presented the following figures:

Public investment in road construction decreased beginning in 1993, to DM 21.8 billion, 5.2% less than in 1992. In the first nine months of 1994, investments were down by another 4.6%.

Public investment in waste water treatment fell in 1993 by 8.3% to DM 9.1 billion, and by another 18.3% (20.6% in eastern Germany) in the first nine months of 1994. This contrasts with an estimated demand for investment in water treatment infrastructure of about DM 300 billion over the next 15 years.

A dramatic decline of construction investment can be expected for most of the major municipalities in western Germany in 1995. For example, planned construction investment this year is down 19.8% in Frankfurt, 17% in Braunschweig, 15.3% in Cologne, 15.3% in Karlsruhe, 14.8% in Stuttgart, 14.6% in Düsseldorf, and 12.0% in Hanover. If inflation is taken into account, public construction investment in western Germany is below 1965 levels.

Transportation

Swiss government wants two new rail tunnels

The government of Switzerland is prepared to invest DM 18 billion (\$11.2 billion) in two new railway tunnels through the Alps, at Gotthard and Loetschberg, which are to be completed by the year 2005.

The ambitious project, which is called NEAT (Neue Eisenbahn Alpen Transversale), is to be financed through a special gasoline tax that is expected to guarantee roughly \$630 million annually in tax revenue over about 20 years. The NEAT routes are designed to transport heavy trucks across the Alps by rail.

Water Management

Floods lead to emergency dike-building program

Special emergency legislation for the inland dike-building program in the Netherlands will go into effect in April, under national emergency clause 66, to speed up the entire construction project by eight years. Under the plan, close to 700 kilometers of new dikes will be completed by the year 2000.

The first phase, which will reinforce 50 km of existing dikes that proved too weak during the recent flood, will be completed by the end of 1995. An additional 80 km of inland dikes in the provinces of Gelderland and Overijssel will be improved over the next two years. Another 600 km of old inland dikes will be

reinforced and modernized over the next five years.

In addition, the construction of 60 km of new wall structures along the Maas River are envisioned for this year. The cost of the entire improvement program will be about \$4.6 billion.

The national emergency has made it impossible for the fiscal conservatives and the ecological movement to object to the doubling of the budget and the acceleration of the project. The ecologists, who fiercely opposed any work on the dikes in the past 20 years, came under attack during the recent flood when the overaged dikes were in danger of breaking, forcing the emergency evacuation of close to a quarter-million citizens.

Economic Theory

Swiss newspaper prints attack on Thomas Malthus

The Swiss daily *Neue Zürcher Zeitung* published an attack on Thomas Malthus, "a technological pessimist" who was proven wrong by the constant growth in global food production, in an article in mid-February by two professors from the Institute for Agriculture at Zürich University. The only thing needed to feed a growing world population is the right policy, the professors wrote. "Even 9 billion people would never go hungry if the appropriate policy were applied."

"Neo-malthusians are again predicting global hunger catastrophes. But there are many good reasons to think that holes in food security derive from political and not from natural reasons," the paper commented in its introduction.

Within the next few years, worldwide food production must double. The "secret of success of the East Asian growth tigers" shows how this could work, the professors said. The Asian countries coupled the redistribution of land with the construction of infrastructure, such as roads and the provision of an adequate supply of potable water. The next step is to bring farm prices up significantly: "Higher farm prices are also a precondition for farmers in developing countries to increase their production. . . . With higher, undistorted farm

prices, on 80% of farmland worldwide (including the huge areas in Siberia) output could be increased tremendously." The professors stressed that agricultural growth would lead to growth in industries and the service sector as well.

For the consumer, "the problem of hunger will only be solved if the income of the poor is growing in the different countries. Therefore we need economic growth. In rural areas of the developing countries where the majority of the poor live, such a growth in income could derive from the agriculture sector. In the medium term, it would also spread to other sectors of the general economy."

The writers stressed the urgent need for agricultural research. Roughly "80% of the necessary increase in food production has to be achieved by increasing yields per hectare. Will the expected biological-technological progress encourage higher yields fast enough to feed the growing world population? Malthus was a technological pessimist in his time. So far, history has not proven him right."

Eurasia

Russia, Poland sign pact for gas pipeline

Russia and Poland signed an agreement for a gas pipeline that will also supply Germany, in a meeting between Russian Prime Minister Viktor Chernomyrdin and Polish President Lech Walesa in Warsaw on Feb. 18. The agreement was one of eight economic cooperation projects.

With \$600 million in investments, the biggest single project among the eight is a 650-km pipeline across central Poland from Białystok (close to the border with Belarus) to Slubice (on the German-Polish border). Construction of the pipeline will start this spring.

The pipeline will transport natural gas from the Jamal fields in northern Siberia, which is a German-Russian joint venture, to the German petrochemical complex at Schwedt on the German-Polish border, north of Slubice. Up to 40% of the gas delivered will be available for Polish consumption; the rest will be made available for Germany and other consumers in western Europe.

● **THE CASPIAN SEA** countries (Russia, Azerbaijan, Kazakhstan, and Iran), along with representatives from Turkey and Georgia, held a conference in London the week of Feb. 20, BBC reported. Discussion focused on economic and political questions, such as oil, caviar, and the environment.

● **RUSSIA** and Belarus agreed to step up development of Moscow-Minsk-Warsaw-Berlin transportation corridor, and the building of two gas mains from Yamal to Europe, a spokesman for the Russian Foreign Ministry said on Feb. 23.

● **ANTIBIOTICS** are becoming less effective; today 10% of all patients with pneumonia die because the antibiotic doesn't help. In the past, as a bacterial agent became resistant, the pharmaceutical industry had developed a new one. "We always had a little advantage, but that is now no longer the case," said Prof. Antoine Andreumont, head of the Institute for Microbiology Gustave-Roussy in Villejuif near Paris.

● **THE RUSSIAN** Atomic Energy Ministry said on Feb. 20 that in addition to the agreement to complete Iran's 1,000 MW Bushehr nuclear reactor, another 1,000 MW reactor and two reactors of 440 MW each are now planned. Delivery of light water research reactors to Iranian universities and the construction of desalination facilities are also envisaged.

● **ANOTHER HEPATITIS** virus has been detected, Harvey J. Alter from the National Institutes of Health in Bethesda, Maryland announced in February. If confirmed, it would be the seventh type ever found. The new type does not represent a major health risk, according to first estimates.

● **THE WORLD** Future Society argued for a diminution of the height of human beings, in an article entitled "Short Is Beautiful" in the *Futurist*. Author Thomas Samaras decries tall people as a strain on the Earth's resources.