

financing big infrastructure projects, in a big way?

Liberadski: The discussions about financing, to some extent, were disappointing to me; I expected more sound proposals and statements. I tried to express my point of view, that international financial organizations may encourage commercial banks to add their own money. Plus, probably you are surprised, but there is so much to be done in infrastructure, that if you could find figures, [it would add up to] about \$200 billion or ECUs. Everybody was surprised, but it takes 15 years, so it's nothing to be surprised about.

If it is done in a good way, as an investment and not just an expenditure of money, we may very soon get some portion of the money back. This is very important. For instance, Poland is ready to establish a law to build and operate highways as toll roads. If we start to do it—of course, getting the money from different sources, including our budget—after two years, we may get our first returns. So it could be operated as an investment.

But there is still remaining mutual distrust, which has to be overcome.

EIR: Another proposal which we put into the debate, and I discussed it with many delegations here, is that actually sovereign nations have the right to issue credit for productive investments like infrastructure, and this is not inflationary, but necessary to develop infrastructure on a national scale. It is a debated and controversial proposal, but I think it could work, especially if all governments agreed to it now.

Liberadski: I think you are right; however, probably the western countries have forgotten about their situation 40 or 50 years ago, during the big crisis of the early 1930s, and such programs, when they were called public works. Today it is inappropriate to get it done as public works, as was done before the Second World War, but now it could generate an economic acceleration in our countries, plus it gives our countries much more accessibility—in a physical sense—to West European companies, and interests them in coming here to make business. There are tremendous opportunities indeed, but the first step has to be taken, and probably this was a weakness on the part of the eastern European countries, that we did nothing yet to prove that this is true. I believe on both sides there have been some sins committed. But we would now like to take away these sins—that is my first confession.

EIR: Hopefully, this conference is a first step in that direction.

Liberadski: This conference gives a kind of personal feeling about people. In my opinion, this is also important, if somebody listened to my presentation, and got a feeling that, "Okay, this man is all right, and I can do business with him." Because you don't know the people right now who are in power in the eastern European countries, and it is also important to know that.

Interview: Vitali V. Yefimov

Build railroads from Europe to Asia

Mr. Yefimov is minister of transport of the Russian Republic. He was a speaker at the Pan-European Conference on Transportation, held in Prague, and was interviewed by Angelika Beyreuther-Raimondi there on Oct. 30. Both he and another speaker from his country, U.S.S.R. Deputy Minister of Railways V.N. Butko, emphasized that discussion of pan-European infrastructure development should not leave out of account the vast potential represented by Asia, and particularly the potential role of the Soviet trans-Siberian mainline. "Railway transport has prevailing significance for the East-West axis," said Butko in his speech, "since it successfully competes for long distance transport where road network infrastructure is insufficient." The Soviet railway system constitutes 12% of the world's railway network, carrying 50% of the world's ton-kilometers, he reported.

What follows is an unofficial translation of the interview with Mr. Yefimov, which was conducted in German and Russian.

EIR: I followed your speech with great interest. You pointed out the fact that time is very pressing, and that Europe is acting with too much hesitation in the face of problems which are only too apparent.

Two years ago, our news agency prepared a detailed proposal as to how a joint European infrastructure project might look, and we have publicized this widely. In this proposal, we say that it is from Europe that the reconstruction of the entire world economy must proceed. An essential point here is that we must connect the republics to this new Europe via infrastructure. How would you see the steps to be taken by which the republics might now be joined to Europe?

Yefimov: Together with Europe, and in particular with Germany, we have worked on getting rid of the old system, above all what was called the Iron Curtain. The goal is the formation of a joint economic region, cultural relations, commercial cooperation. But our cooperation with Europe has shown that Europe has limited itself to the western borders of the U.S.S.R., and only very carefully goes beyond them—for example, beyond the Polish border.

The Russian Republic is a Euro-Asiatic republic. The geographical position of Russia is very interesting: It connects Europe, the Near East, the Far East, and China.

A transportation system, the free movement of goods, is a prerequisite for any market whatsoever. Commerce only begins when goods are moved, and when goods are sold. The development of a European system, without its integration with the Asiatic systems, with Indochina, we do not take seriously. Europe will benefit from great masses of goods coming to the European market from the East, but still more, by great masses of goods from Europe going to the East, and being promoted there. . . .

When we speak of [opening up new routes for] air traffic, we mean the air routes over Russia to the Far East and to China, which will cut time down by some 30%, and therefore costs will also be lowered. We have calculated that per year, for those who use these routes, this will bring a billion rubles in savings. We propose that we undertake that project together with Europe. Our assumption is, of course, that we would also use these air routes. And we can also finance a part of the project, to the extent that we benefit from it.

Let us take the transportation of goods as an example. From Japan and Indochina, goods are now transported by ship. In the past, that was justifiable, since land transport did not not have the necessary throughput capacity. [But the proposed upgraded] trans-Siberian mainline can fundamentally ensure an efficient system.

We think that it would be very good for European businessmen, if they could get their goods delivered from the East one week earlier. Each hour's delay means a decrease in profit. When a mass of goods is being transported, it is passive; that means that transport by ship is slow. We think that [the development of the trans-Siberian mainline] would be advantageous for Europe, but at the same time also for us. We would also use this system, and we therefore would be glad to invest money in this project also.

In the Middle Ages, from Europe to India there was the so-called Silk Route, and [along this] we propose to create a high-speed transportation corridor, such as railways, with which goods can be transported rapidly to the borders, to Pakistan and India. Along with that, we propose to introduce the "intermodal" means of transport on our territory. This would consist of high-speed railways, and then rapid connections to truck transport, since there [at the borders], the terrain is mountainous and building railways would be very costly.

Some people might say that this program is too global, but we are not building in a vacuum. For example, air-freight systems already exist, and only a few years are needed to modernize these systems.

The trans-Siberian stretch of track exists and in a very few years, its quality can be improved. The Silk Route today is not the same one of many centuries ago; there too, transportation systems do exist, but they must be brought up to a

certain level. Such projects are naturally expensive, but the pay-back will be very great. If we invest one ruble, then we will also get one ruble profit. . . .

EIR: Investment in infrastructure has proved historically to give even better returns.

Yefimov: In air traffic it will be more. Likewise, in other kinds of freight transport, this system will be effective. At first people might think that these systems, these proposals, are too global. But we are a Euro-Asiatic country, hence we cannot proceed from the standpoint of the necessities of Europe alone. We are determined to find what is advantageous for us *and* for Europe. But if you speak of Europe [by itself], then you have forgotten about one-third of the continent.

EIR: I see a political problem, and I should like to hear your assessment of it. There are people who have a monetarist outlook, who follow the policies of the International Monetary Fund, and it is these people who are impeding a genuine policy of infrastructure development.

Whom do you see as your partners in the West for such cooperation? It can hardly be the advocates of the International Monetary Fund.

Yefimov: Today a favorable political situation has come into being; the great monopolistic system of the Soviet Union has been switched to another economic track, and now we have created the political possibility of even discussing such projects. The war in Afghanistan and everything connected to it, has ended. Tomorrow, or the day after tomorrow, people will understand this, and then they will be willing to work together.

The new economic system allows us to draw upon not only state investors and state capital, but also upon private capital and private initiative. We are now forming, on our territory, joint ventures in highways, air transport, ship transport, and, in part, railways. And people were ready to invest money in these projects.

But the first step must be for these ideas to be given credibility. But then you have to make prior calculations and cost estimates. I am convinced that the economic return will be a stimulus for private capital.

The countries of the Near East and Indochina are not so poor as they may seem to you; they have huge deposits, huge quantities of minerals, and Europe does need minerals. In our territory everything will soon be exhausted, and then we will be forced to realize such projects in a great hurry; then costs and expenditures will also be greater [than if we started now].

I think that we have today a favorable premise for beginning our joint work. Many assert that we only wish to lure people, since otherwise we would wait in vain for such investments. But our policies are different—namely, mutual benefit. On this basis, we are ready for any joint efforts.