

Business Briefs

Deregulation

Brazil Re-Regulates Electricity Production

Brazilian President Fernando Henrique Cardoso headed up the meeting of the Energy Crisis Commission in which the government has decided to revoke major parts of its deregulation of the electricity industry, which has been privatized by increments over the past four years, *Zero Hora* reported on Jan. 10. The decision comes in the wake of the collapse of the energy pirate Enron.

The Energy Spot Market (MAE), which was "self-regulated" by the private sector, will be eliminated, and replaced by a Brazilian Energy Market (BEM), which will be regulated by the National Electricity Agency. The BEM will resolve conflicts among generators, distributors, and sellers of electricity, previously left to the whims of the market. "What is being done is an in-depth revision of the system. The jamming up of the MAE was the Achilles' heel of all the crisis. The system was created to be competitive, and it ended up not being so," President Cardoso said.

The government will maintain its controls on the price of electricity sold by the generators, which provide 90% of the country's electricity. This reverses the decision, scheduled for 2003, to lift all price controls. Francisco Gros, head of the national oil company Petrobrás, explained this measure as necessary to stop the "rate shock" which was looming. The government also announced on Jan. 9, that it will not privatize any more generators.

China

Academics Say, Build Space-Based Infrastructure

Four space technology specialists of the Chinese Academy of Sciences have called for the development of China's "fourth territory," i.e., space, the China News Agency reported on Jan. 15. In their report, entitled "Building of China's Space-Based Infra-

structure," the specialists propose that conventional ground-based space facilities no longer meet requirements for the future, so infrastructure should be built in space. The report says that "opening up outer space would require infrastructure in space, much like the development of land, sea, and air, which require ground facilities such as railroads, sea ports, power stations, and airports."

Academician Wang Xiji explained, "The so-called space-based infrastructure refers to the engineering systems that will be built in space, and used in developing and exploiting space resources and expanding the habitation space of humankind." It would include increased performance of meteorology satellites, building an Earth remote-sensing infrastructure, a three-dimensional navigation and positioning system, a national geographic information system, ocean observation satellites, disaster and environmental monitoring infrastructure, and a civilian information network suitable for use during wartime.

All of these elements, and China's manned space program, are included in the government's 10- and 20-year space program plans, released last year. But China, the authors state, has "a lag in the consciousness of the people and the nation" of the importance of space development. This concept, of a "fourth territory," needs "vigorous promotion in China. . . . Developing 'space territory' should be treated as a fundamental national strategy."

Biological Holocaust

Warning That AIDS Will Be Worst Pandemic Ever

Philip Lamptey, president of the U.S.-based Family Health International AIDS Institute, warns that AIDS will surpass the 14th-Century Black Death as the world's worst pandemic, unless the 40 million HIV/AIDS sufferers get life-prolonging drugs. He wrote in the *British Medical Journal* which was released in January. In the 14th Century, bubonic plague killed 40 million people in Asia and Europe.

Lamptey supports various measures to ostensibly prevent the spread of AIDS through sex, but warns that poverty is greatly worsening the disease's spread: "The pandemic continues its relentless spread—about 14,000 people are infected every day. . . . Large-scale prevention efforts have been successful in only a few countries, mainly because of inadequate resources and lack of international commitment."

Nearly 30 years ago, U.S. Democratic Presidential pre-candidate Lyndon LaRouche formed a Biological Holocaust Task Force, and warned that a new Dark Age would see unprecedented pandemics if policies contributing to economic decline, lack of investment in medicine, and non-enforcement of public health measures, were not reversed.

Economic Policy

'Neo-Liberal' Model Ravaging the World

Devastating new evidence is coming to light about ravages wrought in the world economy by the "neo-liberal" model, London *Guardian* Economics Editor Larry Elliott wrote on Jan. 21 in an article entitled "A Cure Worse Than the Disease." Elliott points to the failure of "shock treatment" in Russia and Argentina, but says that the most graphic example is the much-heralded case of New Zealand, whose policy, a miserable failure, was designed by the Mont Pelerin Society, which *EIR* warned would crack about in a two-part series in Oct. 21 and 28, 1988; and revisited on June 13, 1997.

In 1984, New Zealand's Labour government started deregulating interest rates, removing international capital restrictions, floating the currency, removing agricultural subsidies, and did much more along the same lines. As a consequence, inequality in New Zealand grew more rapidly than in any other country, yet it was "hailed as the country that the rest of the world should emulate, the role model that had dared to do what even [former British Prime Minister Margaret] Thatcher would not, and was all the better for it."

But there has been created a society with

JAPANESE shipyards' export contracts were down 54.4% in December year-on-year, the Japan Ship Exporters Association reported on Jan. 22. The figures underlined the impact of the global economic slump on the Japanese economy. The sharp contraction of Japanese ship exports was said to have taken hold in August 2001.

POLISH political activist and author Rudolf Jaworek published a book in late 2001, entitled *Great Achievements of Neo-Liberals: How They Destroyed the Polish Economy*. He presents a few economists whom he considers to be opponents of the currently dominant free-market ideology. One chapter is devoted to Lyndon LaRouche.

PRIME MINISTERS of Cambodia, Laos, and Vietnam met in Hanoi to form a "development triangle." Premiers Hun Sen, Phan Van Khai, and Bounnyang Vorachit, respectively, following up their meeting in 1999 in Laos, want to share electricity, transport, and water in the economically poor, but resource-rich region.

POVERTY in the Philippines is higher today than during the 1997 Asian crisis. Government figures show that 4 in 10 Filipinos live on less than 74¢ per day. In 2000, some 39.4% of the population lived in poverty, up 2.6% over the 1997 figure, the National Statistics Coordination Board's family income and expenditures survey showed. Meanwhile, the government's figures show that 40% of the national budget goes to debt service.

BRITAIN'S Meat and Lifestock Commission said that more than 6 million animals were not included in the official slaughter toll in the hoof and mouth disease epidemic, between the first case on Feb. 20, 2001 and the last case detected on Sept. 30, the Jan. 23 *Daily Telegraph* reported. The Commission says that the true total is more than 10.8 million.

massive inequality between rich and poor. Elliott points to the irony: "In a brutal sense, the New Zealand experiment was worthwhile. It highlighted the ineffectiveness and risks of policies that deliberately foster inequality. New Zealand has shown the world how not to do it." An accompanying cartoon shows a patient labelled "New Zealand" on an operating table, being reduced to dust and rubble, by the administration of "Economic Shock Treatment."

Space

Approaches Diverge On Moon Colonization

The exploration and colonization of the Moon was the subject of an international conference in Berlin on Jan. 14-16, entitled "New Views of the Moon" and organized by the German space research agency DLR. Unsettled scientific issues were discussed, such as how the Moon was created, and the possible existence of water resources at its South Pole, which would be an enormous advantage for any future lunar manned station.

According to a report in the Jan. 23 German daily *Süddeutsche Zeitung*, two schools of thought on future manned space missions were clearly visible at the conference. On one side, are those scientists and space engineers, typified by the Jet Propulsion Lab in Pasadena, California, who want to go to Mars as quickly as possible, relying on the International Space Station. Because budgets are tight, they are trying to avoid spending anything on colonizing the Moon. On the other side, there are the European Space Agency (ESA) and space agencies of Japan, India, and China, which are putting special emphasis on the Moon as the ideal future basis for all kinds of interplanetary travel. As DLR scientist Ralf Jaumann noted, such travel first requires building up infrastructure on the Moon. A series of scientific Moon projects is already in the pipeline:

In October, ESA will start the SMART-1 mission, which will survey the Moon from orbit, focussing on the detection of water resources.

In 2004, Japan will launch its Lunar-A

satellite, which will land on the Moon and study its physical constitution by measuring tectonic waves.

One year later, the ambitious Selene mission, again by Japan, is supposed to follow. Selene will be a huge scientific orbiter, surveying the Moon with X-ray and gamma-ray spectrometers, at the same time making an altitude map of the Moon surface using lasers, and looking 5 kilometers below the surface using radar systems.

Indonesia

Second Independence Movement vs. IMF Urged

Rizal Ramli, Coordinating Minister for Finance and Economy under the former administration of President Abdurrahman Wahid, called for a second independence movement against the International Monetary Fund (IMF), in an op-ed in the Jan. 21 *Jakarta Post*. "We must prepare ourselves to declare a second independence movement; that is, a movement dedicated to realizing Indonesia's potential as a modern, leading nation in Asia. We must now find the courage to declare our economic independence and make the necessary sacrifices to achieve it," he said.

Ramli compared how the IMF treated Indonesia and Argentina, and pointed out the violence and the deaths that were the direct result of IMF dictates in both countries. The greater level of violence in Indonesia's 1998 riots is due only to the greater poverty in Indonesia, he said, but in both cases, the IMF made a bad situation worse.

Ramli said that he had warned in 1997 that the IMF would act as "a surgeon, not a savior, and cut the limbs from the Indonesian economy, and after the amputation had been carried out, the doctor would present us with a hefty bill for its services." Indeed, in 2001, he said, "Indonesia received \$400 million in loans from the IMF, but had to pay the institution \$2.3 billion" in principal and interest. The debt burden has doubled in four years. It is time to "learn from the Argentina experience and from our own recent history," he said.