that over the next five years, 28 more applications for license extensions will be filed. There is very little talk today about shutting down plants.

But holding on to the status quo, of 103 operating plants, will not solve the problem. The nation must start building new plants.

Over these last twenty years that the United States has not been building new nuclear plants, the focus of world nuclear activity shifted to Asia. There, nations intent upon building up their infrastucture, have taken the lead in nuclear power technology. In Japan, General Electric has put nuclear plants on line in *48 months,* ahead of schedule, and on budget.

Dr. Bert Wolfe, former head of GE Nuclear, is concerned that American manufacturers are close to losing the capability of building nuclear power plants. Were GE to receive an order from an American utility for a plant, the pressure vessel would have to be *imported from Japan* to build it. U.S. companies are so dependent upon sales to Asia, that the recent (perhaps temporary) cancellation of a nuclear plant in Taiwan, led to immediate lay-offs at GE. Dr. Wolfe suggests that to save time, new plants could be placed at sites where there are already operating nuclear reactors, to cut down on the approval time required in Washington.

In the 1960s, Dr. Wolfe reminds us, the plan was for there to be 1,000 nuclear power plants on line in the U.S. by the end of the century. Indeed, California's Pacific Gas and Electric projected at that time that it would be *entirely* nuclear by the 1980s. We have lost three decades.

Now that the folly of the past decades has become obvious, the press is increasingly reporting that today's 103 operating nuclear plants produce about 20% of the nation's power, reliably, safely, and at reasonable cost. There are indications the tide of "public opinion" may be shifting, driven by the prospect of freezing in the dark this Winter, and withering in the heat next Summer.

Steve Kerekes at the Nuclear Energy Institute reports that a group of utility executives approached NEI last year, and asked them to set up a task force to examine what would be required for new power plant deployment. The 15-member task force, which held its first meeting in September, includes the three U.S. nuclear manufacturers and two construction companies, in addition to utility executives.

They are looking into putting together a consortium of companies to order perhaps 10 or 20 plants, to minimize the cost of each unit through economies of scale of production, and standardization. Each of the 103 plants operating today is nearly unique. The companies would pool their resources, thereby spreading their risk, and are considering a time frame of perhaps three years for orders to be placed.

The timetable envisioned by the utilities should be accelerated, and may very well be, by the fast-paced flow of events that has brought us back to the realization that was so obvious thirty years ago—we must go nuclear.

Asset-Stripping Plan for Russian Electricity Forestalled

by Rachel Douglas

"United Energy Systems should be reformed not according to Chubais, but according to reason," declared Russian President Vladimir Putin in his RTR TV and Radio Russia interview on Dec. 25. "As we know, very often the manager of a big company, planning a reform, considers the interests of this company, but not the interests of the economy as a whole. The United Energy Systems are to be transformed in a way to benefit the whole economy, rather than the particular company, not to mention personal interests."

With that, the Russian head of state confirmed that, on the question of reforming the country's major infrastructure, he is unwilling to walk in lock-step with his liberal economic advisers, down a path to the dismemberment, fire sale, and asset-stripping of those national assets. Suddenly, at the end of 2000, the debate over the future of the national electricity utility shifted: away from a farcical debate among different schemes for deregulation as a means to loot, toward consideration of the national interest. The governors of some provinces in Siberia, who already took part in preparing for President Putin an outline for the revival of Russia's physical economy, are involved (see "Is Russia's Putin Breaking with 'Liberal Reform' Economics?" *EIR,* Dec. 8, 2000).

Anatoli Chubais is the chief executive officer of United Energy Systems (UES), which comprises the generating and transmission capacities for electricity in Russia. He was one of the young economists, schooled by Lord Harris of High Cross and other apostles of the Mont Pelerin Society's radical monetarism, to impose such neo-liberalism in Russia after the breakup of the Soviet Union. Under Boris Yeltsin's Presidency, Chubais oversaw the first, fire-sale stage of the privatization of Russian industry.

As first deputy premiers in 1997, Chubais and his fellow "young reformer," Boris Nemtsov, set their sights on the privatization and deregulation of the so-called natural monopolies: UES, the Ministry of Railroads, the natural gas monopoly Gazprom, and the communications system. The model they promoted was the British Commonwealth scheme, under which the income-stream section of a utility—sales and delivery—may be hived off as a separate, financial company, while the physical plant and equipment is subdivided into several privatized firms that are supposed to compete, but have often ended up being asset-stripped by their new owners. Chubais's attempts to introduce this model for UES were blocked repeatedly, "breakup" of the natural monopolies being a red flag for the left opposition in the Russian parliament. Like the other natural monopolies, UES has sold shares to Russian and foreign investors, but it is still 53% state-owned.

Chubais's Latest Proposal

In the latest edition of UES restructuring, Chubais submitted for government deliberation a plan to create ten to fifteen regional utilities, which would attract foreign investment as they were privatized. The transmission grid would remain mostly in state hands.

This draft was amended by Putin and his advisers on Dec. 12, at a meeting without Chubais present. A fracas ensued on Dec. 15, when the government met and approved the plan, but Prime Minister Mikhail Kasyanov accidentally—so he said—submitted the unamended version. Outside of these meetings, fellow monetarist and former Finance Minister Boris Fyodorov circulated a blistering attack on Chubais for preparing to sell off assets of the new companies, to the detriment of existing shareholders. "Mr. Putin will not persuade foreign investors that he is serious about protecting their interests!" editorialized the London *Financial Times*.

A farce was taking shape: shareholder values versus insider pocketting of proceeds.

Andrei Illarionov is yet another monetarist, who had attacked the Chubais scheme in terms similar to Fyodorov's. But, he also plays a special, sometimes ambiguous role as nominally an adviser to Putin on economic policy. Thus, his denunciation of Chubais at the Dec. 15 cabinet session, where Illarionov charged that Chubais intended not really to attract investment, but to profit from the new privatization, signalled trouble for the UES plan. "The President does not appreciate this structural reform," intoned Illarionov.

On Dec. 22, the government newspaper *Rossiyskaya Gazeta* analyzed the events around UES. After summarizing Illarionov's argument, the article went further, to ask, "Is it even possible to take Brazil or Britain—countries with totally different climates and distances—as models?" The President, wrote *Rossiyskaya Gazeta,* was likely to turn the whole matter over to the State Council (the new body, at the Nov. 22 inaugural session of which, Khabarovsk Governor Viktor Ishayev delivered an outline of dirigist measures for economic recovery).

And so Putin did. At the Dec. 26 session of the State Council, Governor Viktor Kress of Tomsk was named to head a new commission on the reform of the energy sector. It is to submit its recommendations by March 1, a deadline Kress says will likely be postponed. Kress, an ally of Ishayev, was one of the Siberian governors who met with Putin at Novosibirsk in November, and told him that the surviving capabilities of Russia's defense industry should be used to jump-start the economy as a whole—regardless of what happens with foreign investment.

Will Czech Republic Oust Free Marketeers?

by Alexander Hartmann

Some people may have thought, that the political and social situation in the "reformed" countries of Eastern Europe was stable. Although the original reformers, who replaced the Communist governments a decade ago, were voted out of office in most countries, and replaced by the same forces they had deposed in the first place, these "post-Communists" have apparently been "tamed" by the international community—or by their own corruption—and have all turned into their opposites. Hoping to gain access to membership in NATO or the European Union, they have adopted the same policies of free trade and globalization, that had been introduced by the erstwhile reformers.

But, the appearance of stability was misleading. This became most visible in the Czech Republic, when on Jan. 3, 100,000 citizens assembled on Prague's famous Wenceslas Square, for the biggest rally since the 1989 "velvet revolution" which ended Communist rule, to protest against the decision by the Czech Television Council (CTC) to appoint a new director for the public TV station Ceske Televise (CT).

Power Politics

In December, the unofficial "grand coalition" of Prime Minister Milos Zeman's Social Democrats and the Civic Union of arch-monetarist former Prime Minister Vaclav Klaus—which is tolerating Zeman's minority government—used their controlling majority in the CTC to install Jiri Hodac as CT director. Hodac, in turn, fired the CT news director, and appointed Dana Bobosikova in his place.

Both Hodac and Bobosikova are close to Klaus's ODS party: Hodac had applied for the job as the ODS spokesman, while Bobosikova worked for a while as a personal consultant to Klaus, who was the architect of the free-market economic reforms in the Czech Republic, and is an ardent supporter of the monetarist Mont Pelerin Society. His policies were an unmitigated disaster.

Although Klaus's ODS lost the parliamentary elections two years ago, the minority government of the Social Democrats continued his policies. In order to avoid any policy changes, the two parties started wheeling and dealing to occupy as many positions of power as possible, including control over the Czech National Bank. They even changed the election laws to make life difficult for other parties, proving what kind of a "liberal" Klaus is.