

Business Briefs

Transportation

Maglev Producers Probe Projects in Thailand

The German consortium TransRapid International (TRI) reports that the Thai state railroad is examining the possibility of upgrading two lines on the basis of magnetically levitated (maglev) rail technology. The two lines are between Bangkok and Chiang Mai, about 650 kilometers long, and Bangkok-Pattaya-Rayong, about 150 km.

The talks involving such projects are in an initial phase, and a decision by the Thais on which technology to use for the upgrade has not yet been taken.

However, in the wake of clear signals from Beijing that there is strong interest in China for maglev projects in addition to the Shanghai-Pudong line, which is now under construction, the Thai option is important: Once the Thais build a maglev to Chiang Mai, the Chinese could build one to Chiang Mai from southwestern China. The first big section of a Trans-Asian maglev grid would therefore be created.

Pharmaceuticals

Pirates Feel the Heat, Announce Price Cuts

GlaxoSmithKline announced on June 11 that it will extend its offer to sell cheaper AIDS drugs to 63 nations, including all least developed countries (LDCs) and all of Sub-Saharan Africa. The corporation, which has set up a corporate social responsibility committee, will also make anti-malarial medicines available at cost, and set up a pilot program to study offering preferentially priced anti-infective, de-worming, and anti-diarrheal drugs in poor countries. Also, Pfizer Inc. announced the week before that it is expanding its free distribution of one AIDS drug, flucanazole, in 50 LDCs.

The pirates' sudden magnanimity seeks "to limit the threat to their drug patents by taking pre-emptive action," Reuters acknowledged on June 11, noting that "leading institutional investors" pressed Glax-

oSmithKline to act, "fearing that damage to the industry's reputation could hit share prices." The concession has been made, so as to better defend the "right" of piracy itself.

The role of the pharmaceutical companies in using their patents to keep medicines scarce and very expensive is expected to be a major topic at the United Nations Special General Assembly on the world AIDS crisis, scheduled for New York City later in June, where many heads of state are expected to attend. Brazil, not an LDC and thus ineligible for such drug companies' concessions, has been organizing internationally for the right of nations to produce drugs themselves, if they cannot afford them otherwise, a position Brazilian President Fernando Henrique Cardoso is expected to defend. Brazil's AIDS program, which treats health care as a basic human right, has been a show-case success, as *EIR* documented on March 23, 2001.

Asia

Korea, Afghanistan Face Severe Drought

Drought is affecting huge regions of the Eurasian land-mass, which are taking a heavy economic toll, on the Korean Peninsula and in Afghanistan, in particular.

On June 10, the South Korean government held an emergency meeting on the drought conditions, which are affecting both agriculture and industry. The drought has been going on since March. Seoul decided to allocate 152.9 billion won (\$119 million) to local governments for temporary water pumping and irrigation for farmers. More measures will be taken if the drought continues into late June. The government also said that it will now finalize a long-term project to build dams by 2011. The government warned that South Korea could face water shortages as early as 2006.

A government-wide task force is to be set up to deal with the threatening water shortages. President Kim Dae-jung cancelled a press conference on national reform, to concentrate on the water emergency. Water levels in some areas are the worst since records began being kept in 1904.

North Korea is also being affected by the drought.

In Afghanistan, 5 million are facing starvation as crops fail due to drought, the UN World Food Program and Food and Agriculture Organization reported in a release on June 8. The three-year drought has caused the near-total failure of rain-fed agriculture and "substantially reduced irrigated farm production," the release states.

The WFP reports: "There is mounting evidence of emerging widespread famine conditions in the country, reflecting substantially reduced food intakes, collapse of the purchasing power of the people, distress sales of livestock, large-scale depletion of personal assets, soaring foodgrain prices, rapidly increasing numbers of destitute people, and ever-swelling ranks of refugees and internally displaced persons."

Education

German Teachers Urge: Back to the Classics!

The Konrad Adenauer Foundation and the German Teachers' Association have launched an offensive to bring Classical ideas back into school curriculums, a true education reform that calls to mind the proposals of Wilhelm von Humboldt in the early 19th Century. In a joint paper, the organizations demand a return to the "formation of the personality," as a central issue in education.

"In the past 30 years, there were a number of bad developments in education due to a completely false idea of education reforms. . . . As in the 1970s, when education policy aimed at creating a 'new man' via the schools, we find the same idea today, this time to create one who will suit the vision of the New Economy. Both ideas are wrong," they state.

They formulate a number of demands that are essential to help develop the character of the student. To master his own language in a literate form and to have in-depth knowledge of literature, are most significant, in addition to aesthetical education. Aesthetical education, they define as "helping the student to develop his sensitivity for excep-

tional performances in art, to enjoy them, and to be able to describe their reasons and their effects. . . . To occupy oneself with literature and art without pursuing any practical use enriches one's life."

Students are urged to read several works of literature, including some by Sophocles, *The Song of the Niebelungen*, *Parcival*, and the troubador love ballads. Pre-Classics include Lessing's play, *Nathan the Wise*; Classics include works by Goethe, such as *Faust* and *Iphigenia*, and by Schiller, including *Wallenstein*, *Maria Stuart*, *The Aesthetical Letters*, and lyrics by both poets. A great deal of poetry is listed, including by Heine and Eichendorff. Under world literature is included the Greek Classics, Dante, Cervantes, Shakespeare, and Tolstoy.

Industry

Electricity Shortages Drive Up Aluminum Prices

J.P. Morgan investment bank is projecting that aluminum prices will rise worldwide because of production cuts in Brazil, due to the electricity shortfall. One industry consultant suggested to Reuters in early June, that aluminum prices could jump by \$50 a ton in the short term, a rise that would be greater, were not world metals usage down overall. (Aluminum was selling for \$1,515 a ton on the London Metals Exchange on June 5.)

J.P. Morgan upped its earlier forecast that Brazil's electricity crisis would idle 100-125,000 tons per year (tpy) of aluminum smelting capacity, to almost 400,000 tpy, if the government is forced to pull electricity out of the north of the country (currently unaffected by the rationing), to supply the hard-hit northeastern region. Brazil is expected to do this beginning July 15. Two of Brazil's largest aluminum smelters are in the north, and account for 58% of Brazil's capacity. Speculator that it is, Morgan assumes, also, that smelters will reduce production to below the rationing requirements, in order to sell their power on the spot market.

London analysts project that there will be a record 1.4 million-ton surplus in the world market for alumina (the semi-processed bauxite product from which alumi-

num is made) in 2001, because of the combined cutbacks in production in the U.S. Pacific Northwest and in Brazil.

Indonesia

Resistance Grows To IMF Austerity Demands

While the political crisis in Indonesia continues to escalate, economic leaders in the country are fighting a rearguard defense against International Monetary Fund (IMF) dictates. On June 7, then-chief Economics Minister Rizal Ramli, referring to the cuts in fuel and electricity subsidies demanded by the IMF, said: "Under the current social and political situation, it is not wise to raise fuel prices by 100%. If this happened, there could be devastating social and political implications."

Ramli's recurring outspoken criticisms of the IMF were partially responsible for his replacement on June 12 by former Bank Indonesia Deputy Governor Burhanuddin Abdullah, who, it was hoped, "would improve ties with the IMF," according to a spokesman for embattled President Abdurrahman Wahid. Indeed, Burhanuddin had once worked for the IMF itself, and is expected to agree to IMF demands regarding the "independence" of Bank Indonesia from government oversight.

However, Ramli was not removed from the Cabinet altogether, but was shifted to the post of Finance Minister, replacing Prijadi Praptosuhardjo. It was Praptosuhardjo who had negotiated the fuel price increases demanded by the IMF, which were scheduled to go into effect on Friday, June 15. In keeping with Ramli's warning, thousands of police and military forces were set to be deployed in Jakarta and other cities to attempt to keep the peace.

Then, just hours after Ramli was sworn in as Finance Minister, the government announced that the fuel rate hikes were being postponed. Ramli told the press that no new date had been set for the rate increases, but that "the issue will be discussed with the Ministry for Politics, Social and Security Affairs tomorrow."

THE FRENCH opened high-speed train service on a north-south European route on June 11, with 150 trains per day. They will average 188 miles per hour, linking Germany, the Netherlands, Belgium, and Paris with Marseilles and the Mediterranean. The service (passenger only, at present) is expected to shift population southwards within France.

SIEMENS plans to build a high-speed rail line between Amsterdam and Antwerp. The \$2.12 billion project will be completed in 2005. Siemens and its partners in Infrasppeed (U.S., Dutch, and British partners) will also maintain the line for 25 years.

A CASPIAN SEA pipeline will open on Aug. 6, Russian Prime Minister Mikhail Kasyanov and Kazakstan Prime Minister Kasymzhomart Tokayev announced on June 5. The \$2.6 billion pipeline from the Tengiz oil fields to Novorossiisk on the Black Sea, was built by Russia, Kazakstan, and Oman, despite efforts by the West to sabotage Russia's role in Caspian oil.

NIGERIAN President Olusegun Obasanjo attacked Enron, which is building a power plant in his nation, in an interview with CNN June 4. "Enron has played a dirty game on us," he said. In addition to sky-high prices, the firm has refused to comply with the contract. "The price at which they have tried to sell power to us has been very exorbitant," he said.

JAPAN announced on June 11 that its GDP dropped by 0.2% in the first quarter. Exports fell by 3.6%, imports by 2.2%, and private consumption stayed flat, despite a one-time burst of buying before an April 1 law requiring a fee for disposal of old appliances went into effect.

CORPORATIONS worldwide defaulted on \$33 billion of bonds in the first four months of 2001, compared to \$28 billion for all of 2000, the Swiss daily *Neue Zürcher Zeitung* reported on June 6.