

Business Briefs

R&D

Japan Announces Fusion Cooperation With China

On the eve of a four-day visit to China, Japanese Prime Minister Yasuo Fukuda said on Dec. 26 that the Japanese government wants to conclude its first nuclear fusion agreement with China, the daily *Yomiuri Shimbun* reported.

Thermonuclear fusion energy, which uses the heavy hydrogen (deuterium) in ordinary seawater as its fuel, is the key to continuing world economic growth, as Lyndon LaRouche has emphasized for the past 40 years.

China and Japan will soon add a clause on nuclear fusion research to their existing bilateral agreement on science and technology cooperation. A joint working group of senior scientists and officials will be established, to carry out scientific exchanges and other cooperation between the Japan Atomic Energy Agency's JT-60 tokamak nuclear fusion facility in Naka, and China's Experimental Advanced Superconducting Tokamak (EAST) of the Institute of Plasma Physics of the Chinese Academy of Sciences, which is located in Hefei, capital city of east China's Anhui Province.

State Budgets

Schwarzenegger To Declare Emergency

California Gov. Arnold Schwarzenegger (R) will announce a "fiscal emergency" on Jan. 10, just after his Jan. 8 State of the State address, where he will make privatization of infrastructure a central feature of his administration. Schwarzenegger's commitment to this policy has been steered by his fascist controllers, Felix Rohatyn and George Shultz, who have led the privatization of infrastructure and government services going back to their role in installing Chile's dictator Augusto Pinochet in 1973.

With an estimated budget deficit now at \$14.5 billion, Schwarzenegger will start

with at least 10% across-the-board cuts, hitting hardest at education, health care, social services, and the prison system.

Lyndon LaRouche asked: Will Republicans agree with Schwarzenegger, or will they denounce him as a terrorist? LaRouche explained that a declaration of any economic state of emergency for California is tantamount to a declaration covering the entire United States, given the size and importance of the California economy for the country.

In effect, LaRouche explained, if Schwarzenegger goes ahead with the declaration of economic emergency, the Governor will be publicly admitting that the Bush Presidency has had a more calamitous impact on the U.S. economy and the living conditions for the majority of Americans than Al Gore would have had, had he won the 2000 elections. The current phase of the crisis for the U.S. economy, LaRouche elaborated, began at the tail end of the Clinton Presidency, when Gore ran against Bush.

What Schwarzenegger is saying, LaRouche concluded, is that the Bush Presidency is a total failure. G.W. goes home without a legacy—except for the near-universal contempt in which he will be held by the American people.

LaRouche asked: How will the Bush White House and other Republican Party honchos deal with such a condemnation of the present Administration, coming from one of Shultz and Rohatyn's favorite sons?

Nuclear Power

Japan Seeks Enriched Uranium from Kazakhstan

Japan's Kansai Electric Power Co. and the Japanese trading house Sumitomo Corp. will link up with Kazakhstan's state-run energy company to obtain enriched uranium for nuclear power fuel. The agreement is one of many signs that Japan, and Asia as a whole, are making plans for a nuclear-powered future.

Under the plan, state-owned Kazatomprom will handle the reconversion stage of the nuclear fuel cycle at a facility in Kazak-

stan, to turn enriched uranium into powder, a spokesman for Kansai Electric said. Kansai Electric and Sumitomo will provide expertise and funding for necessary modifications of the plant, which is capable of producing roughly twice as much nuclear fuel as needed by Japan.

Kansai Electric, which provides about 8,000 megawatts of nuclear power out of Japan's present 50,000 megawatts of nuclear-generated electrical power, uses enriched uranium as nuclear fuel in all its dozen-plus reactors. The Japanese decision to link up with Kazatomprom is to ensure supply of enriched uranium in the future.

Japan's Toshiba Corp. announced in August that it had agreed to sell 10% of its U.S. nuclear power plant manufacturer Westinghouse to Kazatomprom for \$540 million, as part of a wider collaboration between the two firms.

Transportation

Japan Rail To Build 290-km Maglev Line

The Central Japan Railway Co. (JR Tokai) confirmed on Dec. 25 that it will build the world's first long-distance magnetic levitation train, connecting Tokyo and Nagoya, by 2025, despite a lack of government support.

The railway had already announced plans for the 290-km route in April 2007. The company has now made the decision to fund the \$45 billion project itself, since the government has not helped subsidize the project.

The route will parallel the railway's Shinkansen bullet train, a conventional high-speed rail line which will need replacement in the coming decades. Japan's maglev technology, which employs onboard superconducting technology, set the international speed record of 581 kilometers per hour in 2003. The new maglev should run at about 500 kph, Tokai spokesmen said. The Chinese maglev, using the German Transrapid system, runs at about 430 kph over a 30.5-km route.

The railway has estimated that the mag-

lev technology will be profitable enough to pay off the debt incurred in building the project after 8-10 years, railway vice president Yoshiomi Yamada said. The company is projecting a pre-tax profit of around 70 billion yen in fiscal 2026, which should rise to double that by 2035.

Japanese “market forces” are being as stupid as the government: Many investors sold stock in the railway company on the news, sending the price falling 8.9%, the biggest one-day drop in ten years.

Agriculture

China Invests in Rural Areas, Fights Inflation

The Chinese government made clear that developing national agriculture to ensure the food supply, raise the incomes of the huge rural population, and lower the risk of food price inflation are among its top priorities, at the annual national “Rural Work Conference” held in Beijing Dec. 22-23. Measures to be taken include more agricultural subsidies, and development of rural infrastructure. About 75% of China’s 1.4 billion people live in the countryside, and are directly dependent upon the agricultural economy for their livelihood.

Agriculture Minister Sun Zhengcai announced on Dec. 22 that farmers’ annual per-capita net income had grown, but only by 7%, to 4,000 yuan (\$540), largely due to price rises for farm produce, a larger number of rural migrant workers who send help back to the villages—and more government subsidies for agricultural production.

But while it is urgent to keep raising incomes, Beijing is on the horns of a dilemma in urgently needing to control inflation. There were huge increases in grain, pork, and cooking oil prices in recent months, sending inflation up to an 11-year high of 6.9%, so the central government has decided that “to prevent current price increases from becoming evident inflation.”

The government wants to keep raising rural incomes, which are much lower than urban incomes, while preventing extreme

price fluctuations, the final conference document announced. The income of urban residents in 2006 was 3.28 times that of rural ones, up from 3.22 in 2005, and 3.21 in 2004, *China Daily* reported. Just 29.08 million rural people get minimum sustenance allowances so far, out of China’s 737 million rural population. Farmers get no real pensions, and medical coverage is almost nonexistent.

Beijing will “strive to promote farm produce production to ensure supply and actively make efforts to raise income of farmers” in 2009, the conference announced. Even after a grain crop of over 500 million tons in 2007, production still fell short of demand. Now, “grain production would be put at a more prominent position” on the government agenda. Measures will include grain subsidies for farmers, and local government measures to support meat, eggs, milk, vegetables, and fruit production.

The other big priority is infrastructure: Investment in irrigation facilities, protection of farmland and subsidies will be raised “to a great extent.” But there are big challenges: The rural labor force is shrinking, as more and more workers go to the cities, and China, which has a very small proportion of arable land relative to its population, is losing farmland.

Illegal land grabs, to satisfy industrial and urban demands, are compounding the problem, Resources Minister Xu Shaoshi told the *China Daily* on Dec. 26. A survey released in March 2006 by China’s Ministry of Land and Resources revealed that the country had lost 8 million hectares, or 6.6%, of its arable land in the past decade. There were 130,000 cases of illegal land grabs last year, an increase of 17.3% from 2005, according to official figures.

Production costs are rising, since high energy prices are making fertilizer and pesticide more expensive. Water infrastructure especially is in bad shape. Some 30 million peasants are still short of drinking water, and the rural population consumed less than 100 kilowatt-hours of electricity per capita in 2006, just 25% of urban consumption. The rural banking system is primitive, making it very hard for farmers to get loans of more than 5,000 yuan.

Briefly

THE DOLLAR “might no longer be the source of the U.S.A.’s power, but instead a factor in its decline,” cheered commentator David Dombey in the London *Financial Times* on Dec. 28.

RUSSIA’S Energia Space Corporation is designing a project to send a manned mission to the orbit of Mars in 2020-22. The crew will study the planet using automatic probes, controlled from orbit. Landings are envisaged for future missions.

ACA FINANCIAL Guaranty Corp., an insurer of corporate bonds, and a unit of ACA Capital, announced in a U.S. Securities and Exchange Commission filing, that it had agreed to give control to Maryland state insurance regulators to avert bankruptcy. A press release by the Maryland Insurance Administration had called for a “targeted financial examination” of ACA Financial Guaranty” to determine its financial exposure to delinquencies and loan defaults in the subprime mortgage loan market, after it had been put on a credit watch by Standard & Poor’s.

ITALIAN foreclosures are reaching astronomical proportions. There are 1.25 million homes undergoing foreclosure proceedings, with an increase of 33% in Rome and 28% in Milan in 2007. This figure was reported by Francesco Petrino, a professor of banking law, at a Dec. 20 event in Rome. Petrino also said that 18.5 million Italian borrowers are rated as having bad credit, even if they are just one day late on payments. This means that about 50% of the economically active population cannot get credit.

EUROPE must increase nuclear energy production in order to decrease its dependence on petroleum products, said Umberto Quadrino, CEO of Edison, Italy’s second-largest energy provider, in an interview with the *Financial Times* on Dec. 28. “If you look at the supply of gas to Europe over the next 15 years, we have to be scared,” he said.