

Business Briefs

Economic Policy

Papua New Guinea resists IMF diktat

"The International Monetary Fund is not always right; we will make our own decisions," Papua New Guinea Deputy Prime Minister and Finance Minister Sir Julius Chan told a business conference in Brisbane, Australia the week of April 12. "Experience in other developing countries tells me that when it comes to dealing with your own, you determine your own policy according to your own needs."

The minister was reacting to an IMF call on the government of Australia's western neighbor not to take further equity in mines or oil fields. The confidential IMF report, revealed in the Australian *Financial Review* earlier in the week, said investors could be forced to renegotiate by the ultimate threat of nationalization. The April 15 *Financial Review* backed the IMF position in an editorial headlined, "Papua New Guinea Needs to Heed the IMF's Advice."

On the government's decision to take a 50% stake of the \$1.25 billion Lihir gold project should the present owners, RTZ, Plc (80%) and Niugini Mining, Ltd., fail to find a third partner in four weeks, the minister acknowledged that "maybe" the government was ignoring the advice of the IMF.

Energy

Iran ratifies nuclear deals with Russia, China

The Iranian Parliament ratified separate agreements with Russia and China on nuclear cooperation for peaceful purposes on April 14, Iran's IRNA news agency reported. The agreements relate to Iran's planned purchase of nuclear power stations from Russia and China and cover other aspects like research.

The 12-point pact states that neither side should pass on results of joint research to third parties without the written permission of its partner.

The deal with Russia, inherited from the Soviet Union, was signed by President Ali

Akbar Hashemi Rafsanjani when he visited Moscow in 1989.

China said in February that it had agreed to sell Iran two 300-megawatt reactors. Iran's atomic energy chief Reza Amrollahi said in September that Teheran was also discussing the purchase of two 440-megawatt reactors from Russia, according to Reuters.

Russia

Cohen: 'shock therapy' fueling anti-Americanism

Harvard University-architected "shock therapy" policies are feeding a mood of anti-American backlash in the Russian population, Prof. Stephen F. Cohen of the Center for Russian Studies of Princeton University, warned in an interview with the French daily *Le Monde* on April 14.

Cohen, who supports increasing aid to Russia, said, "I would hope that this aid would be more generalized and less conditional. Until now, it has been too dogmatic. . . . Now, more and more Russians say to each other that they expect nothing from the West . . . and America primarily, is going to feel the first backlash effects of this disappointment. For many people who have seen their savings disappear brutally and who have suddenly fallen below the poverty level . . . the United States is, from here on, associated with the effects of the shock therapy which has been inflicted on them at the beginning of the reform process, and of which they are the first to suffer the effects."

Cohen warned that the United States should not continue to link Yeltsin the person with the "process of reform," since it is Yeltsin's economic policies which have failed.

The United States must not "dictate" conditions to Russia, Cohen said, referring "to all the financiers who have advised the Russian authorities on remedies that have no relation with the complexity of the situation, or, better yet, to the economists from international banks." *Le Monde* asked, "Or Harvard?" Cohen said, "Yes, they too are responsible. The worst is that, in spite of the gravity of the situation on the ground, certain experts support, from a distance, a more severe shock therapy."

He singled out Clinton adviser Michael Mandelbaum of Johns Hopkins University, who recently proposed a "Polish solution" for Russia. "This would be a terrible mistake," Cohen said, "the problem of shock therapy is that it is making, very fast, one victim of note: democracy."

Infrastructure

Southeast Asian road link proposed

The transport ministers of Vietnam, Laos, and Thailand will meet in Hanoi in late April to finalize a plan to build a road linking the three countries, the Hanoi Voice of Vietnam reported on March 25. The ministers are to decide which possible roads already approved are most suitable.

A spokesman for the consultant company working on the project said that the three countries have to talk about how to share the responsibility as well as finding funds. But she was confident that work on the road will begin in early 1994 and take no longer than two years to complete.

Biological Holocaust

Cryptosporidium may occur anywhere

The presence of cryptosporidium, the bacterium that caused an outbreak of disease in Milwaukee, Wisconsin in early April, is now relatively common in surface water around the United States, and any place where water systems around the country fail in their filtration or are otherwise cut back, a similar outbreak could occur, experts say.

Dr. Herbert DuPont, an infectious disease expert at the University of Texas Medical School in Houston, told the April 14 *Houston Chronicle* that cryptosporidium occurs at low levels in many water systems and the problem is that researchers have not yet established what levels of the organism is necessary to infect individuals or cause an outbreak. The En-

vironmental Protection Agency (EPA) has funded a study by DuPont in which volunteers are exposed to different levels of cryptosporidium in order to establish what the threshold level is which will cause infection.

DuPont said the organism was first identified in 1976 in a three-year-old child. Healthy adults infected with cryptosporidium experience about 10 days of ordinary diarrhea, cramps, and pain. "It hits toddlers and AIDS patients hardest," he said.

The first known outbreak of diarrhea caused by cryptosporidium in a filtered water system occurred in 1987 in Carrollton, Georgia, where 13,000 people were affected. The Atlanta, Georgia Centers for Disease Control reported at the time that the organism is highly resistant to chlorine, and ordinary techniques for disinfecting water did not work. That outbreak was triggered by the removal of some water-filtering equipment. The water seemed to meet all EPA standards at the time. Obviously, with the breakdown and disrepair of infrastructure, many communities could experience outbreaks.

Asia

Laos wants Thailand in joint energy project

Laos would like the Thai government, though the Electricity Generating Authority of Thailand (EGAT), to become a co-investor in the gigantic Nam Theun hydroelectric project in the central region, the *Bangkok Post* reported on March 26. The Laotian government has discussed the possibility of undertaking the project, estimated to cost over \$1 billion, with private sector firms from a number of countries including Thailand, Australia, and in Scandinavia.

The project would be carried out in stages with an ultimate generating capacity of 810 megawatts. The overall project, situated directly opposite Nakhon Phanom in Thailand, is planned to be completed in the year 2000.

Laotian Vice Minister of Industry Khammon Phonkeo said that the desire to have Thailand's EGAT become a co-investor is based on the assumption that the entire electricity output from the planned large-scale powerhouse will

be exported to Thailand, as will the electricity from other large-scale hydroelectric projects in Laos planned by Vientiane. This objective is generally agreed to by Thailand, which aims to boost the imports of power from its two neighboring countries (Malaysia and Laos) to meet its fast-growing power demand.

The Thai and Laotian governments are due to conclude an agreement under which Thailand would essentially be committed to import 1,000-1,500 MW from Laos in the future.

A memorandum of understanding to this effect which was signed on March 29, will provide Laos with a guaranteed market for the electricity which will be produced from a half-dozen or so large-scale hydroelectric projects upon which Laos plans to embark during this decade. The combined generating capacity of those projects is more than 2,500 MW, far exceeding Laos' own consumption which now peaks at 60 MW. Exports of electricity from these hydroelectric projects are intended to become the top foreign exchange earner for this land-locked state.

Africa

Zambia denounces IMF for 'undue interference'

The government of Zambia denounced International Monetary Fund demands for deep budget cuts as "undue interference" in its internal affairs, in an official reply over the Easter weekend to IMF recommendations that the Zambians scrap their defense budget in order to meet conditions for potential IMF bridge loans.

The government of Zambia, which has been engaged in a long and fruitless struggle with the Fund's experts, decided to draw a line now and tell the IMF that there are limits which its experts should respect.

The Zambian move comes two weeks after harsh denunciations of the IMF by the government of Kenya (see *EIR*, April 9, pp. 4-6). Fears among monetarists that more Black African governments are expected to adopt the new hard line against the IMF has been reported in the London *Observer* and other press.

● **CHINA** will order more wide-body Boeing jet planes, Reuters reported April 14. The order could top the \$800 million order placed in early April for 20 Boeing 737s and a 757. China also purchased \$300 million in goods from Chrysler, Ford, and GM, and analysts believe they are intended to influence Bill Clinton's impending decision on extending China's Most Favored Nation trading status.

● **AIDS-HIV** infects a "frighteningly huge proportion" of organ donors in Paris, France Transplant announced in mid-April. Some 2.3% of all Paris organ donors have been found to be infected.

● **THE U.N.** said April 15 that it will help restructure and privatize Vietnam's state firms, Reuters reported. The U.N. Development Program claims at least one-third of about 12,000 state enterprises are not viable, and will "restructure and clear their overdue debt, and close the ones that are bankrupt or have no hope of turning a profit."

● **THE VATICAN'S** Pontifical Council for the Family "is expected to publish the first church document explicitly devoted to the issue of population," the monthly *Catholic World Report* reported April 15. An adviser who worked on the draft of the document told the magazine that the Church "will reject the idea that the world is dangerously overpopulated."

● **ARAB LEAGUE** members have decided unanimously to extend urgent assistance to Iraq to help it overcome the scarcity of medicines and medical supplies it is suffering as a result of the U.N. embargo, the Jordanian paper *Al-Ray* reported on April 7.

● **IRAN** devalued the rial against the dollar by 7% on April 14, a day after it declared the currency convertible. It was the second devaluation in less than a month, and followed the slump of the rial on the open market to nearly 20% below its official value on April 11.