

Malukans loyal to the colonial Dutch regime, who even fought alongside the Dutch in Indonesia's war for independence. Remnants of this group, living in exile in the Netherlands, threatened to raise their flag on April 25, and renew their rebellion. The government took strenuous measures to prevent a provocation—all foreigners were forbidden entry to the region, and the leader and 17 members of the RMS-connected group were arrested. Nonetheless, several flags were released on balloons, and the Laskar Jihad responded in profile, holding militant rallies and calling for blood. Within days, in one of the most vicious attacks of the conflict, hooded "ninja" killers raided a Christian village, leaving 14 dead, mostly women and children, in their beds.

The government has arrested Jaffar Umar Thalib, the founder and leader of the Laskar Jihad, accusing him of inciting the attack and threatening the life of President Megawati. It is also planning to put the Christian separatists on trial. The entire Provincial legislature, Christian and Muslim, has travelled to Jakarta to attempt to circumvent another explosion, and Megawati has ordered an investigation. The most promising indication that further bloodshed may be prevented is that a CNN team that arrived in Maluku was sent packing.

### **Aceh: Another Difficult Problem**

The bloody fighting in Aceh, where more than 10,000 people have died over the past 25 years, including 400 this year, may finally be close to a solution. In February, the government met in Geneva with representatives of the Free Aceh Movement (GAM), where, for the first time, the GAM agreed to drop its demand for independence and negotiate on the basis of a special autonomy status within the Republic of Indonesia—an unnegotiable condition in the eyes of President Megawati, who will not accept the dissolution of the unified state established by her father. New talks are scheduled for May 9-10 in Geneva. For the first time, the two sides have agreed to outside participants, in the form of three "wise men." These include: Gen. Anthony Zinni from the United States, who is close to Secretary of State Colin Powell (a voice of relative sanity in the Bush Cabinet), and who was recently Powell's special envoy to the Mideast; former Foreign Minister of Thailand Surin Pitsuwan, who is not-so-fondly remembered for his efforts to break the standing agreement among Southeast Asian nations to honor each others' sovereignty; and, most ominously, Lord Avebury, whom *EIR* has documented for many years as the primary British controller of subversive operations against developing nations, with Indonesia one of his primary targets.

While the violence continues to be stoked by both sides in Aceh, the potential for a settlement has reached a crucial juncture. The greatest danger is that Anglo-American interests promoting a "Clash of Civilizations" will undermine a settlement, in pursuit of their "perpetual warfare" doctrine. If Jakarta recognizes that danger, in Aceh and elsewhere, it can be circumvented.

## **Lights Out for Energy Privatization in Mexico**

by Rubén Cota Meza

Defeat for Mexican President Vicente Fox's electricity deregulation scheme, buried by the lesson of the Enron fiasco, has been followed by a defeat for any form of energy privatization in Mexico. On April 24, several Senate committees voted to throw out three legislative initiatives—one of them backed by Fox himself—which sought to reform Articles 27 and 28 of the Constitution and to permit the privatization of the national electricity system. The next day, the Mexican Supreme Court voted 8-3 that Fox's decree of May 2001, which would have opened the door to what has been called the "silent privatization" of electricity in Mexico, was unconstitutional, and consequently was overturned. Both decisions effectively "unplugged" the Fox government's energy privatization drive, at least for the moment.

These legislative and judicial decisions were made after months of an intense political battle—in which the LaRouche-associated Ibero-American Solidarity Movement (MSIA) in Mexico, along with *EIR*, played a critical role. This fight has been to expose the fraud of privatization and deregulation of electrical energy systems around the world, and to preserve Mexico's right to own and manage its energy system in conformity with the national interest, protected from the voracious speculation of the multinational energy pirates.

All during 2001, the MSIA and *EIR* released reports and pamphlets, and conducted forums and conferences in cities throughout Mexico, to warn of the fraudulent plans of the energy pirates, as exemplified in the Enron scandal. When Enron entered into bankruptcy last December, the political capital of the MSIA and *EIR* soared.

### **Constitution at Stake**

With this heightened credibility inside Mexico, an American delegation put together by the LaRouche movement visited Mexico on April 15-17. In public and private meetings with legislators, political and business leaders, and others, the delegates called for "learning the lessons of the Enron debacle," and proposed putting an "end to electricity privatization" and "re-establishing regulation in the name of public interest." The delegation was headed by Nevada State Sen. Joseph Neal, and Harley Schlanger, Western States spokesman for LaRouche's 2004 electoral campaign.

Lyndon LaRouche himself participated, via telephone, and answered questions for over an hour, during an April 16

conference hosted by the MSIA and attended by 100 government officials, legislative advisers, labor leaders, businessmen, professionals, academics and students, in Mexico City (see *EIR*, April 26).

One week after this fruitful visit, Mexico's senators rejected, and ordered the permanent tabling of, the three privatization bills.

The legislative debate on this fundamental question began on April 16, at a session of the Senate attended by Senator Neal and Schlanger, who were there as invited guests. At that session, the ruling National Action Party (PAN) issued a declaration of war against the Mexican Constitution, through its mouthpiece Sen. Juan José Rodríguez Pratt, who described the Constitution as "gibberish and a juridical monster." The opponents of electricity privatization immediately responded, calling the PAN a "danger" and a "threat" to the existence of Mexico as a sovereign nation. "If they don't like the Constitution," said opposition Sen. Manuel Bartlett, "they will have to win a legislative majority, by vote, to overturn it; in the meanwhile, they'll just have to get used to it, and respect it."

That very night, Schlanger and Senator Neal reported on the Senate debate to a public audience, noting that Mexico still retained "a great patriotic, moral, and nationalist reserve," and calling on the audience to preserve Mexico's nationalist legacy, so as to help "change the United States from the inside, back to its own patriotic tradition and away from its imperial and plundering arrogance."

In the Chamber of Deputies, speaking before legislative members of the Energy Commission as well as the press, Senator Neal and Schlanger offered a detailed picture of the failure of electricity deregulation inside the United States, and broadcast their message of not yielding to the pressures and blackmail of the multinational energy pirates. "Enron, Example of Neo-Liberal Failure," was the front-page headline of the daily *Excelsior*, and "Let's Not Take the U.S. as a Model" was the title of its editorial on their comments. Radio and TV news programs gave widespread coverage to Neal's and Schlanger's warnings, and six Mexico City dailies published prominent articles on the story.

### **The Court Gives Fox 'an Electric Shock'**

In 1992, then-President Carlos Salinas de Gortari won passage of a new Public Service Law of Electrical Energy, which allowed the participation of the private sector in energy generation. Industries could now install their own generating plants, or form an association of industries with an electricity

company which would supply them with electricity, and sell up to 20% of its "surplus" to the Federal Electricity Commission (CFE). However, in May 2001, President Fox issued a decree reforming the Public Service Law, now making it possible to sell up to "100% of surplus electricity" produced by private generators, to the CFE. With the new formula introduced by Fox, it became impossible to distinguish between "self-supply" and "surplus," and the energy pirates raced to "get on board," to get their hands on this booty.

However, Sen. Manuel Bartlett raised a constitutional issue, arguing that the President's decree overreached the powers of the Executive. His argument was presented to the Supreme Court in the name of the Congress, in July last year.

On April 25, the court ruled that Fox's decree constituted "a fraud upon the law," directly violating Article 27 of the Constitution, which protects the public monopoly on electrical energy generation for public service. The ruling determined that the Fox decree, through "a substantial change, alters the concept of what is energy surplus, and permits in fact and in law, the privatization of the public energy service."

### **The Pirates Won't Surrender**

The Fox government announced that it would accept the Supreme Court finding, but at the same time said it would persist in its effort to change the Constitution, to "encourage private sector participation in electrical energy generation."

To achieve this objective, the government and the ruling PAN party have launched a campaign of intimidation against the population. For example, Agriculture Secretary Javier Usabiaga called on the people of his state, Guanajuato, to send letters to their congressmen calling for constitutional reform and electricity privatization because, he said, otherwise there "are going to be blackouts" in the city in three or four years, and "you won't be able to watch your soap operas."

In the forefront of this campaign is the former PRI Senator, and now PAN member, Sen. Juan José Rodríguez Pratts, a sponsor of the constitutional reform bill defeated April 24. Rodríguez Pratts said that "aware that we can no longer reform the Constitution," and that "we cannot put forward any new bills by ourselves," the PAN would now "bet on the flexibility" of the PRD party proposal, which would open loopholes to permit private investment in energy production in the modes called "co-generation" and "self-supply"; i.e., when companies supposedly produce electricity "for themselves," but are then allowed to sell the surplus.

In Mexico, the industrial sector consumes 60% of electricity produced nationally. The PRD's electricity bill proposes that that 60% not be considered a public service, and that its production be allowed to be covered by the private sector.

Despite the assault by President Fox and his PAN party, the energy pirates failed to seize control of the ship. Now, with the "flexibility" of the leftist PRD party, they are hoping to start with that 60%, on the assumption that the rest will fall into their hands sooner or later.

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