Business Briefs

Trade

Iran may ask to buy Boeing commercial jets

The Iranian national airline is considering asking the Boeing Corp. to sell it a new fleet of commercial jetliners, the *Wall Street Journal* reported on Dec. 24. This is the latest in a series of signals between Iran and the United States that there is interest in reestablishing normalized political and commercial ties after nearly 20 years. Boeing, meanwhile, said on Dec. 16 that it plans to lay off 12,000 workers.

Iran had tentatively worked out a purchase of European Airbus planes, to replace their aging fleet of Boeing aircraft, but the Iranians had always said that they would prefer to buy the American planes.

U.S. media, including *Forward*, report that President Clinton is close to reaching a decision to grant a waiver to a consortium of Malaysian, Russian, and French companies planning to build a pipeline through Iran. Such a waiver would constitute another important signal from the U.S. side, of a willingness to move forward with a political dialogue with the Khatami government in Iran.

Economic Policy

Tax speculation, economist urges

Yale economist James Tobin, warning that "the worst is yet to come" for Asians in the financial "meltdown," called again for imposition of an international tax on currency transactions, in an article entitled "Why We Need Sand in the Market's Gears," in the Dec. 22 *Washington Post*. He said that he first proposed the tax in 1971, although his proposal has been given publicity in recent years as an echo of Lyndon LaRouche's call for a tax to dry out derivatives instruments and other speculation and looting.

Tobin wrote that global free markets mean that countries lose their economic sovereignty. "If the dollar becomes the effective currency of South Korea, then the country's interest rates will essentially be set in New York. The drawbacks are that the Federal Reserve and the U.S. Congress don't have to worry about workers and businesses in Seoul . . . and that America is resented for both its dominance and its indifference."

Tobin's proposed tax would put a brake on hot-money currency speculation and "protect innocent bystanders from sudden economic crashes that destroy jobs and income." But, Tobin said, the tax would have to be imposed internationally, and "might be administered by the IMF [International Monetary Fund]." Yet, Tobin wrote sardonically, the IMF's 1997 Annual Report praised "Korea's continued impressive macroeconomic performance" and "enviable fiscal record," and lauded "Thailand's remarkable economic performance . . . and consistent record of sound macroeconomic policies." These countries are now being murdered by the IMF as "correction" for their supposed economic follies. Events "like those in Southeast Asia call into question the claims that liberalization and globalization of financial markets are the path to prosperity and progress," Tobin said.

Mining

Australian firms hit by price collapse

A Coopers and Lybrand survey shows that the Australian mining industry wrote down more than $1.1 billion in assets, following the collapse of the price of gold and other commodities, which has led to a 64% collapse in industry profits, Brisbane's *Courier Mail* reported on Dec. 12. Gold industry profits are down 38%, the price of steaming coal, one of Australia's biggest exports, has fallen 6% for the year, while the average copper price has fallen 21%, and nickel, 14%.

As *EIR* has reported, the British-led oligarchy has been driving down the price of gold, especially, buying cheap now, to make a killing later when prices zoom upward again.

The workforce has been drastically reduced, and research, development, and safety expenditures have been drastically cut, in line with the dramatic slide in the price of gold and other mineral resources. As a reflection of the cutbacks, the industry had 33 workforce fatalities in 1997, one of the worst records in 10 years, compared to 1994-95, when 11 mineworkers were killed.

The current state of the gold industry makes it easy pickings for takeover by British Commonwealth cartel companies, such as Anglo American Corp., which control Australia's two largest gold producers: Robert Champion de Crespigny's Normandy Mining, and "Diamond" Joe Gutnick's Great Central Mines.

China

Petrochemical center planned in Fujian

Plans to build a modern petrochemical center, the largest industrial project ever in Fujian province, were announced recently, Xinhua reported in December. The project, to cost an estimated 100 billion yuan ($12 billion), will include a polyethylene plant, an oil refinery, and several other projects.

This Xiaocuo economic zone, on the western bank of the Taiwan Strait, will also include a modernized harbor. The zone sits midway between Shanghai and Guangdong, two of the largest industrial centers in the inland areas, and has shipping routes to all major harbors in China and around the world. Completion of three new berths for oil tankers will make Xiaocuo one of four international transit ports in China.

Finance

'Meltdown' demands New Bretton Woods

Economist Judy Shelton deprecated the ability of International Monetary Fund "bureaucrats" to stop the collapse of the world financial system, and called for President Bill Clinton to step into the "leadership vacuum" which has existed "ever since the United States walked away from the Bretton Woods international monetary agreement in August 1971," in a commentary in the Dec. 22 *Washington Post*. Shelton said that only the United

States has the clout to credibly issue the call for a conference to restore aspects of the Bretton Woods system.

In an open letter to President Clinton, Lyndon LaRouche has called for a New Bretton Woods Conference, as necessary to restart world trade and production. LaRouche personally will have to have a hands-on role in that process if it is to succeed.

"In times of crisis, immediate action is necessary. A financial crisis in particular requires government officials and institutional authorities to move quickly to assure investors that a potential runaway situation is under control and that adequate measures are being taken to contain its impact. That explains why representatives from the IMF are . . . [trying] to prevent a panic mentality from taking hold and sparking the mass hysteria that leads to devastating financial meltdown," Shelton wrote. But "even the most gifted bureaucrats at the IMF are incapable of preventing the current monetary crisis from escalating should its momentum begin to reach global proportions. As fear of the future starts to encroach on the human psyche, bold political leadership takes on far greater importance than technical expertise. . . .

"The solution is to set up an orderly international monetary system that would permit all nations to compete in the global marketplace based on a common unit of account."

Corporate

Cargill is bottom feeding on Yamaichi

Cargill, the British-controlled food cartel firm, has announced it is buying up chunks of the bankrupt Yamaichi Securities, at salvage prices, the *Minneapolis Star Tribune* reported on Dec. 23. The announcement came as Cargill's long-term earnings outlook had just been downgraded to "negative" by Standard and Poor's, which said that Cargill, the largest privately owned company in the United States, has big losses pending in its consumer lending division, in addition to "cyclical lows" in its core agricultural operations. Cargill has been losing money from consumers and farmers going bankrupt.

World reality is coming home to other cartel companies, too. Minneapolis-based Apogee Corp. reported big losses from its Malaysian operations, because of the fall in value of the Malaysian currency, the ringgit. Also, International Multifoods has reported big losses due to Venezuelan austerity measures which are reducing food consumption there.

NorWest BanCorp economist Sung Won Sohn expects the Asian "woes" to hit Brazil. He forecasts that, if Brazil's currency, which, he says, is "overvalued by 10-15%," collapses, massive capital flight from all of Ibero-America will ensue.

Ibero-America

British finance grab of Venezuela's steel firm

The British Commonwealth's grab of Ibero-America's resources and industrial capabilities advanced another big step on Dec. 18, with the sale of Venezuela's SIDOR, the last state-run steel company left in Ibero-America, said also to be the largest integrated steel complex in the world. The "Amazonia consortium" which bought 70% of SIDOR (all that was up for sale) includes Mexico's Tamsa, Hylsamex, and Hylsa Latina companies; Argentina's Siederar and Techint Engineering; Brazil's Usiminas; and Venezuela's Sivensa and Siderurgica Angostura.

The key, however, is that $600 million of the $1.029 billion which the consortium will pay for SIDOR, is to be provided by Spain's Banco Santander. As *EIR* exposed in "Britain's 'Invisible' Empire Unleashes the Dogs of War" (Aug. 22, 1997 issue), Banco Santander has been a front for the British Empire since at least 1988, when it forged an "intimate strategic alliance" with the Royal Bank of Scotland, one of the U.K.'s oldest banks and today headed by Count Airlie, adviser to the Queen.

The price is piracy: SIDOR represents a critical industrial capability for Ibero-America, and 70% of the firm totals an installed capacity of 4.8 million tons of steel a year.

Briefly

MYANMAR began final talks in Bangkok on Dec. 19 to join the regional trade, investment, and development group of Bangladesh, India, Sri Lanka and Thailand—Economic Cooperation (BIST-EC) set up in June. Thai officials said that bringing in Myanmar provides "a missing link—and valuable land-bridge."

THAI steel producers expect a 50% collapse in domestic sales in 1998, due to the collapse of the Thai currency, the baht. Sahaviriya Steel Industries can produce 6 million tons of steel, in the form of hot-rolled coil, cold-rolled steel, and steel bars, but the firm anticipates that domestic demand will be "around" 3 million tons.

HAMBROS, one of the City of London's last remaining independent investment banks dating back to 1839, has been sold to the French bank Société Générale, for £300 million ($499 million). Its real estate and insurance arms are also expected to be sold.

EASTMAN KODAK announced on Dec. 18 that it will cut a total of 19,900 jobs over the next two years, 9,900 more than it had announced in November, of which 8,700 will be in the United States. A major cause of the cut is the price war launched by Fuji of Japan last summer, which cut into Kodak's sales.

MALAYSIA and Thailand have agreed to a countertrade and bilateral payment arrangement in local currencies, *Business Day* reported on Dec. 22. "This is not an act of economic nationalism," but is needed because of the shortage of foreign exchange, Malaysian Prime Minister Mahathir bin Mohamed said.

CHINA is building its biggest steel mill in Pudong, in a joint venture signed in December between Germany's Krupp Steel and the Shanghai Metallurgical Corp. The venture requires investments of about $1.6 billion; it is one of Krupp's bigger projects abroad, and the single-largest investment of China in its steel sector.