

# Business Briefs

## United States

### Orders for Durable Manufactured Goods Fall

U.S. new orders for manufactured durable goods fell from \$178.1 billion in August to \$167.6 billion in September, a 5.9% drop, the U.S. Commerce Department reported on Oct. 25. This marks the second straight monthly fall.

Accounting for most of the decline was the 16.1% drop in new orders in the volatile "transportation equipment" sector, which fell from \$57.7 billion in August, to \$48.4 billion in September. Within the transportation equipment sector, comparing September to August, the various subsectors fell by the following percentages: motor vehicles and parts, -2.8%; non-defense aircraft and parts, -46.3%; defense aircraft and parts, -6.0%. Aside from the monthly volatility inherent in this sector, the plunge in non-defense aircraft and parts reflects the collapse of the airline industry.

As for capital goods orders, comparing September to August, non-defense orders fell by 12.6%, and defense orders by 4.1%.

## Foreign Exchange

### Mahathir Promotes 'Golden Dinar' Plan

Malaysian Prime Minister Dr. Mahathir bin Mohamad hosted a seminar in Kuala Lumpur on his plan for a "golden dinar" for international trade, the *Malaysia Star* reported on Oct. 24. The two-day "International Seminar on Multilateral Trades" was organized by the Institute of Islamic Understanding (IKIM).

The golden dinar initiative was encouraged by Iran's Central Bank head, Bijan Latif, who urged Dr. Mahathir to set up a secretariat to elaborate on the proposal, and to better inform other nations as to how the dinar could be used among central banks, starting among Muslim countries. Dr. Mahathir said he would brief his Cabinet on the secretariat proposal, and if there was agreement, then Malaysia's central bank, Bank Negara, would be informed. He also said that

Iran might join with Malaysia in creating such a secretariat.

In the session, IKIM Chairman Tan Sri Ahmad Sarji Abdul Hamid outlined some of the proposals and issues that needed to be examined before implementation, pointing to an existing prohibition by the International Monetary Fund on the use of gold as a medium of payment; the proposed gold dinar could be a potential violation of that rule. He said there was also a need to study the effects of using a dual currency system and whether this would impede the growth of the gold dinar.

In his speech, Dr. Mahathir suggested that the dinar be used, initially, only in bilateral trade. He indicated that he believed anarchy in the international financial regime would remain until currencies could be better stabilized. He said that while the dinar would not totally eliminate speculation, gold prices would be more difficult to manipulate, adding that short-selling would be very difficult, if not impossible.

He stressed that the dinar was intended exclusively for international trade and was not to be used as currency for daily transactions in the domestic market, because it was heavy and cumbersome to carry.

## Nuclear Power

### Australia Gives Go-Ahead for Reactor

The Australian Radiation Protection and Nuclear Safety Agency has given the green light for the construction of a new nuclear research reactor to be built at Lucas Heights outside of Sydney, after a three-month study by Australian and international experts in seismology. The site is in a region of a geological fault line, but there has been no movement there for at least 5 million years.

The reactor, to be completed by 2005, is being built by INVAP, the Argentine nuclear and space company, and will replace a 44-year-old research reactor that produces radioisotopes for medical procedures. Nuclear opponents had vowed to block the project, but Science Minister Peter McGauran said the site has the "all-clear."

## Labor

### Americans Work Longest Hours

Employed Americans are working more hours than workers in any other industrialized nation, the *Buffalo News* reported on Oct. 14, in an article on the Economic Policy Institute's biennial report, *State of Working America*. Sharon Lindstedt writes, "The average U.S. worker spends 1,900 hours a year on the job. That's the equivalent of 20 more days each year than in 1979, and more work hours than in any [other] industrialized nation in the world. The hour count is also up for dual-income families. A middle-income couple with children, in the 25-54 age range, works a combined average of 3,932 hours, annually, up 20% in the past quarter century. That adds up to a whopping 16 additional weeks of work compared to hours logged in 1979."

These changes seem to be partly a reflection of workers' needs to make ends meet, but also partly of employers' demands: "44% of full-time employees [indicated] they'd prefer to work fewer hours. Only 26% said they would like to put in more time on the job."

## Trade

### Iran, Russia Chart Ten-Year Agreement

Iran and Russia are negotiating a ten-year economic agreement, the Iranian news agency IRNA reported on Oct. 24. The news was released after talks between Russian Deputy Prime Minister Viktor Khristenko and Iranian Oil Minister Bijan Namdar Zanganeh. The ten-year deal is to pave the way for wide-ranging bilateral economic cooperation in the oil and fuel sector. Zanganeh also held talks with Energy Minister Igor Yusufov, focussed on Russian investments in the Iranian Southern Pars, the world's biggest gas field.

The talks were not only bilateral, but in the context of relations between Russia and the Organization of Petroleum Exporting

Countries. Khristenko stated: "We discussed the situation regarding Russia-Organization of Petroleum Exporting Countries cooperation and prospects for our interaction in the oil market." Iran and Saudi Arabia are the biggest OPEC producers.

## Employment

### Layoffs Announced By Top Companies

Several large corporations in the United States and Great Britain have announced new layoffs, with more to come. According to *Business Week* magazine of Nov. 4, between September 2000 and September 2002, the following sectors of the U.S. economy were among the hardest hit: temporary work, -18.4%; computers and office equipment, -18.1%; printing and publishing, -9.4%; autos, -8.7%; and financial services, -7.3%.

**Boeing:** With the layoff of 1,090 employees in the Puget Sound area, Boeing completed the over 25,000 job cuts announced after the Sept. 11 attacks. The company announced that more employee reductions will be necessary in 2003, although the exact number has not yet been announced.

**US Airways** plans to lay off 471 more pilots by May, with 326 layoffs by Jan. 7, blaming rising fuel costs and continued low number of passengers. The airline, with the new cuts, will have eliminated about 1,800 of the 6,000 pilots it had before Sept. 11, 2001. US Airways also plans to furlough 915 more flight attendants by December, for a total of 3,675 jobs cut since Sept. 11, when it had 10,000 flight attendants.

**Goodrich**, the biggest U.S. maker of aircraft-landing gear, is slashing 3,200 jobs (up from a previously announced 2,700), in response to a 48% plunge in third-quarter profit, as sales fell 27% in its commercial aircraft business. The company warned that it would look for more ways to cut costs.

**Duke Energy** announced cuts of 1,500 regular jobs and 400 contract positions, as third-quarter profit plunged by 71%.

**Citigroup** plans to fire 1,200 employees in its investment and corporate banking unit, due to falling revenue from mergers, stock

sales, and securities trading. The cuts will include more than 200 investment bankers, about 10-15% of that unit's staff, who will be laid off over the next few weeks.

**The City of London**, by the end of the year, will have lost about 30,000 banking jobs since the start of 2000, according to the Centre of Economics and Business Research. Credit Suisse First Boston will cut up to 80 staff at its London headquarters. The bank has slashed 6,500 jobs over the past year.

## Economic Policy

### Krugman Sees FDR-Style Response to Crisis

Economist Paul Krugman of Princeton University decried the disappearance of the middle class in the United States, in an interview on National Public Radio on Oct. 23. He said that there is now an income distribution profile exactly like that of 1929: The 13,000 richest families now control more wealth than the 20,000,000 poorest families.

Krugman is the author of a new book, *New Gilded Age*, in which he says that a viable middle class existed only temporarily between two "gilded ages," the 1920s and the present.

He castigated the "royalist culture" and the "oligarchy" now dominating the economy, in which CEOs now command salaries 1,000 times more than the income of the workers in their firms. He blamed think-tanks such as the American Enterprise Institute, the Heritage Foundation, and the Cato Institute, for promoting this culture through the stories they feed to the media.

Krugman forecast that either this powerful oligarchy will continue to grow stronger and stronger, as they continue to buy more influence, or, the American people will decide to put the brakes on this state of affairs, "just as they did in the 1930s under Franklin D. Roosevelt."

For a critique of the more problematic features of Krugman's economic worldview, see Lyndon H. LaRouche, Jr., "Paul Krugman's Cargo-Cult Economics," *EIR*, Oct. 23, 1998.

**ITALIAN** Economics Minister Giulio Tremonti called for a European "New Deal," in an interview with the daily *Corriere della Sera* on Oct. 27. "If the recovery does not come," he said, "I believe we should implement a Europe-wide New Deal." Question: "You mean a European investment plan in public works, promoted by governments and financed off budget?" Tremonti: "I will not say one word more."

**U.S. STEEL CORP.** is selling off its coke works around the country to a Wall Street firm, set up by Apollo Management, a New York City private equity company. U.S. Steel signed a letter of intent in mid-October to sell off its Clairton Works coke plant in western Pennsylvania; a coke works in Gary, Indiana; its Minnesota iron-ore operations, and transportation subsidiary Transtar.

**AUSTRALIA**, one of the world's top six grain-exporting nations, will have to import grain this year, said the Australian Grains Council. The Winter harvest is down over 50% from last crop year, due to drought and lack of infrastructure. The Australian Bureau of Agricultural and Resource Economics estimates that the current harvest of four major Winter crops—wheat, barley, canola, and lupins—will be under 15 million metric tons, way below last crop year's output of 34.1 million tons.

**THE ASIAN** *Wall Street Journal* is "just plain stupid," said Malaysian Prime Minister Dr. Mahathir bin Mohamad, referring to the paper's publication on Oct. 23 of a photo of Indonesian President Megawati Sukarnoputri, over a background of the Malaysian flag, accompanying an article on instability in Indonesia and Pakistan. "I don't know why people bother to read the newspaper," he said. "It knows nothing but selling newspapers." Defense Minister Najib Tun Razak commented that the *Journal's* "excuse that it had been a mistake is hard to believe, because the *Asian Wall Street Journal* is printed in Malaysia."