

Business Briefs

Monetary System

Hamiltonian Ideas Called For at Davos Forum

Italian Finance Minister Giulio Tremonti, the main speaker in a discussion of the European Monetary System at the Davos Economic Forum in Switzerland on Jan. 24, started a brawl, by beginning his speech saying that he had just proposed, in a closed-door meeting with EU Commissioner Joaquín Almunia, and European Central Bank chairman Jean-Claude Trichet, the issue of "Eurobonds" to finance investment projects in defense, space, and the "Lisbon Agenda" approach to infrastructure, according to *Il Sole-24 Ore*, on Jan. 28.

Tremonti stated that "The United States of America started from a revolution that allowed the creation of a public debt. Just read again the writings of an American founding father, such as Alexander Hamilton, to understand the connection between public debt and politics." This was his first public mention of Hamilton outside of Italy. Tremonti proposed also that a portion of the tax revenues of EU member countries should be invested in the development budget.

Although Tremonti's proposal straddles the line between national sovereignty and supranational power, the idea of creating debt for investments was enough to make Eurocrats go berserk. EU Finance Commissioner Almunia said, "The sore point is to find new resources, not new debt." Trichet said that creation of debt would provoke a "loss of confidence."

Banking

Wal-Mart Wants To Be Your Bank

Wal-Mart, the leviathan that both dominates and devastates retail, has applied to the State of Utah for a charter to operate an ILC (industrial loan company) bank, and has applied to the FDIC for deposit insurance for that ILC. Wal-Mart tried to buy an Okla-

homa bank several years ago, and then tried to buy an existing ILC in California, but both attempts failed. ILC banks, which can take deposits and make loans but can not offer checking accounts, are not regulated by the Fed, and as such are niche players. Were Wal-Mart to gain a full-fledged banking charter and put branches of its bank in its stores, it would destroy local banking, that layer of banking most closely tied to the real, or productive, economy.

Agribusiness

Argentina Joins Legal Suit Against Monsanto

The government of President Néstor Kirchner has joined with Dutch and Danish importers of Argentine soy flour in a legal suit against the Monsanto Corporation. In an attempt to force Argentina to pay royalties on the use of Roundup Ready soybean seed, which is *not* patented in the country, Monsanto sued Dutch and Danish importers of Argentine soy flour last June, charging them with patent infringement and violation of its intellectual property rights. Recently, Monsanto stopped a shipment of 5,900 tons of Argentine soy flour in the port of Liverpool using the legal proceedings as a pretext, and has stopped two other Argentine shipments to Spain, according to Argentine press accounts. The government has charged Monsanto with extortion. Monsanto is demanding a royalty payment of 15% of the total value of any soy shipment.

In a Feb. 7 press release, Argentina's Agriculture Secretary Miguel Campos charged that with this action, Monsanto is seriously damaging Argentina's exports, and Eduardo Buzzi, head of the Argentine Agrarian Federation (FAA) accused Monsanto of violating international treaties, adding that its illegal action reflects "one more chapter in Monsanto's co-commercial voraciousness." Carpab, another agricultural organization, pointed out that Monsanto's legal suit in Europe was filed while negotiations with the Argentine government were

taking place in Buenos Aires. Carpab called on the state to immediately seize all of Monsanto's assets inside Argentina, and urged producers not to purchase any of the company's products.

In the United States, Monsanto has filed 199 lawsuits against farmers, since 1997, for infringing on patent rights, with a significant increase in 2004.

Transportation

British Rail a Mess Thanks Largely to Blair

Ten years after the beginning of rail privatization in Britain, the National Union of Rail, Maritime, and Transport Workers workers (RMT) issued a statement which calls for "an end to a ten-year experiment that has failed by any and every measure."

"The Tories promised us cheaper and more efficient railways, but they shattered our network into pieces, and gave us the opposite," RMT general-secretary Bob Crow said in London, Feb. 8.

"The private sector gets more than three times the subsidy that [then-state-run] British Rail (BR) got, yet punctuality is still below even the levels set by BR a decade ago. Commuters were promised they would win from competition, yet fares have risen by 24% since privatization, and Britain's fares are just about the biggest rip-off in Europe.

"Taxpayers, passengers, and railway workers are being mugged daily, by privateers who have siphoned cash out of the railways, at the rate of at least 800 million pounds sterling a year.

"Worst of all, the railway's safety culture has been relegated to second place behind the interests of shareholders," the statement said. In prior discussions with this news service, RMT representatives have repeatedly pointed out that in part, the ruin of the rail system has progressed even more under Blair's New Labour government, than under Tory Prime Minister John Major, during whose term the privatization of British Rail began in 1996.