

IUE members by its second-phase (GM-financed) buyout, which lasts through July 31, and which extends to IUE members and to younger workers than the first, with anywhere from 17 years down to only 26 months experience.

In order to make sure of this last target being reached or exceeded, Delphi Packard (the company's electrical division) announced on June 26 that it intended to reduce the workforce in four Ohio electrical-parts plants which are "staying open," by 2,767 out of 3,800 production workers.

GM is reported to have spent at least \$3.8 billion so far—the amount it is taking as a charge (loss) in the second and third quarters of this year—on these cash buyouts. With that, it bought the agreement, in effect, of the UAW to GM's and Delphi's plant closings, which violate the UAW's contract; and took the leadership of the UAW out of the fight to keep the plants open. Ford is now doing the same, with both Visteon and Ford employees. With New York bankruptcy court judge Robert Drain's June 29 approval of all the buyout programs, the outrageous objectives of Rohatyn's and Miller's "total globalization" plan for Delphi are essentially achieved, reversible *only by Congressional intervention*. Some 50-60,000 GM and Delphi workers will be gone, and in most of the cases of plants the managements had targeted for closure, half or more of the workforce is disappearing "overnight." By the Fall, Delphi could be what Rohatyn and Miller planned—a globalized company with 150,000 or more employees abroad and in Mexico, and fewer than 15,000 in the United States, with a growing number of those 15,000 working at half the prevailing union wage in the auto industry.

Wall Street has been celebrating GM's claim that it will now immediately "save \$3 billion a year" in wage costs; but in fact, it is shrinking so rapidly (28% of its production workforce eliminated in one quarter!) that the situation of its huge debt, which is still growing, is deteriorating even further. Both GM's and Ford's debt ratings were downgraded again by the rating agencies in the last ten days of June, the same period the rapid workforce shrinkages were announced. GM had lost its main bank-syndicate unsecured credit line of about \$6 billion, and had to restore a smaller one by securing it with assets, an unheard-of development for the top automaker. And William Ford III, following the leak of Ford's plans to try to move another 30% of its auto assembly capacity to Mexico, was forced to publicly deny bankruptcy plans.

And in a sign of the downward plunge of the economy, Edmunds.com forecast on June 29 that total U.S. auto sales through June would be down 2% from the first-half of 2005 (which had been down from 2004), and that "Big Three" sales would be down 8%. It forecast sales for June alone in a much larger 8% drop from June 2005. The month-to-month fall from May, appears to be 4%. So the drop is accelerating, and it is not a function of the "Big Three" vs. Japanese and Korean producers. It is a drop in real purchasing power of American households across the board. Even GM and Ford officials have been quoted forecasting that the sales drops this Summer will be "brutal."

Lunatics Launch 'Steel Futures' Speculation

by Judy Feingold

You've seen the ever-wilder wild surges and gyrations in petroleum prices and those of other "primary commodities" such as precious and base metals, and even industrial chemicals and plastics. Now, prepare yourself for just the same thing to happen to steel prices, if some insane financiers get their way, and if they still have the time to pull it off before their system collapses.

In September 2005, Lyndon LaRouche described an on-going hyperinflationary shock wave, "already comparable, at its primary-commodities 'spear point,' to Germany during the second half of 1923" (*EIR*, Sept. 30). The immediate cause was the hedge funds' attempting to bail out of their losses through "hyperinflationary gambles in primary materials, led by the control over petroleum markets." Subsequent developments have amply confirmed this.

As part of the same explosive breakdown process, the hedge funds and financiers are trying to suck whole new areas into the whirlpool of commodities speculation, including, now, world steel production,

The creation of a futures market in steel, up until this present financial end-phase, has been problematic for the traditional futures exchanges. This is because steel, unlike corn or gold, has such a wide variety of production qualities, chemical compositions, and types of fabrication, as well a short shelf-life due to rust and other chemical processes, that it is resistant to the standardization needed to be a widely marketable futures market product. Now, however, steel futures trading has become the next hot topic, especially at the London Metal Exchange (LME), and soon, reports have it, at the New York Mercantile Exchange (NYMEX) as well.

In hopes of providing the pricing system to be used to develop and track prices for specific steel products, many data management companies have developed indices to determine the prices of each type of steel product used in the trading of futures contracts. Given the characteristics of steel production, this was no small feat. These companies have provided pricing indices on a few of the most plentifully produced steel products. One mover in this arena is World Steel Dynamics, which, along with American Metal Market, is developing a financial product called SteelBenchmarker, which, they say, is "designed to provide a reliable set of benchmark prices for use by participants in the steel industry" that will, "starting in late 2006 or 2007, become the underpinning for an extraordinary surge in the trading of financial instruments that permit the hedging of the steel price risk."

According to Tom Stundza of the Commodity Trader,

“The price of hot-rolled sheet in coil—the most common steel product—rose by 116% and then fell by 47% in the past 20 months” (up to September 2005). “So, the London Metals Exchange (LME) and the New York Mercantile Exchange (NYMEX), are revisiting the possibility of global trading in steel futures.” The Multi Commodity Exchange (MCX) of India, currently in contract with the LME in energy futures, began its steel futures trading on March 12, 2004. And the Shanghai Futures Exchange (SHFE), at the beginning of June 2006, announced that steel futures will be launched soon into their market.

In mid-May, the LME had already confirmed their choice of pricing companies, Platts and McGraw-Hill, to “create, manage, and promote prices and products in the area of price risk management in the steel market.” In LME’s 2005 financial statement, Chief Executive S.J.N. Heale writes, “And I am pleased to say the LME is seen as the preferred exchange for the introduction of steel futures contracts. Although our first choice for ensuring price convergence is through a physical delivery mechanism, the complex nature of steel resulted in the conclusion that the LME should not seek to introduce physically settled steel futures contracts, either on an in-warehouse basis or a delivered basis. As a consequence, the only contract design that could, in our opinion, work is a ‘cash settled’ contract using a reference price derived from physical transactions.”

For obvious reasons, steel producers, consumers, and traders alike oppose the idea. According to *Purchasing* magazine, “The LME steel futures plan has never been supported by the International Iron and Steel Institute, the trade association in Brussels representing almost all the world’s steel-makers.”

At the Steel Strategies Conference in New York on June 20, CEO Daniel DiMicco of Nucor, the largest of the U.S. mini-mills, said, “The folks who are going to make money off this aren’t in steel,” referring to speculators and other financiers. Rodney Mott, president and CEO of Stelco in Canada, agreed: futures trading in steel was unnecessary. Even Lakshmi N. Mittal, chair and CEO of Mittal Steel, said, “I don’t think we need a futures market for steel.”

In the past, neither the International Iron and Steel Institute, nor the American Iron and Steel Institute, the Steel Manufacturers Association, nor the Latin American Iron and Steel Institute have supported this swindle. And, on June 22 of this year, Bo Andersson, General Motors Vice President of Global Purchasing and Supply Chain, told an automotive industry seminar that he saw little need for steel future contracts to help GM hedge its exposure (a standard lying rationalization for futures markets), because, although it buys 10 million tons of steel a year, “Most of the stuff we buy. . . we have long-term contracts.”

Nevertheless, the charge toward a steel futures market barrels mindlessly ahead, a harbinger of the impending financial blowout.

Nuclear Power: The Key To Bolivian Development

by Luis Vásquez Medina

The economic development of Bolivia, the poorest nation in South America, is urgently necessary to bring peace and development to the entire South American continent. To bring about this South American great project, this country in the Andean highlands must acquire the most advanced science and technology. Bolivia must enter the age of nuclear energy now. Today, while there is sovereign discussion going on over what to do with its natural gas wealth, there is a particularly favorable opportunity for Bolivia to take this leap forward. The political formula in Bolivia today should be: *gas for nuclear power*.

Bolivia not only shares borders with the greatest number of South American countries, but contains the greatest mineral, energy, and freshwater reserves of the region. That is why it has been targetted by the international Synarchist banks, which have incessantly promoted regional geopolitical conflicts to facilitate their strategic objectives. Synarchist puppet Augusto Pinochet himself, in his book *The Geopolitics of Chile*, has indicated that in the long term, whether it wants to or not, Chile will have to try to seize control of those precious resources, especially the water and gas that can be found in the plateau of Titicaca, in southern Peru and in eastern Bolivia.

The solution to the shortage of power and water in northern Chile must also be the peaceful development of nuclear power. Although people are thinking along these lines in Chile right now, there is an absence of the political will to develop nuclear power. As of now, President Michelle Bachelet has indicated that, during her administration, Chile will not pursue anything that has to do with nuclear power.

The Titicaca Basin

Lake Titicaca is the largest reserve of fresh water in South America, at more than 8,290 square kilometers (3,200 square miles) in area. It is the highest lake in the world, at an altitude of 3,815 meters above sea level. It has an average depth at the present time of 275 meters, although it is drying up. Lake Titicaca straddles the Bolivia/Peru border, is also near Chile, and is part of a closed basin that includes the Desaguadero River, the only river that drains out of the lake and which connects it with Lake Poopó, and more to the south with the salt deposits of Copasa and Uyuni. This whole system is land-locked, having no outlet to the sea, and is drying up because of evaporation. This whole basin, called TDPS (for