

Business Briefs

Automotive Sector

GM, Ford Hock Plant And Equipment for Cash

Facing declining sales and no support from the Congress, both Ford and General Motors have begun to hock their most essential assets, factories and equipment, as collateral to win new loans, according to the *Wall Street Journal* of Nov. 16. GM used equipment to secure a \$1.5 billion loan to be arranged by JP Morgan Securities Inc., and Credit Suisse Securities. Ford's Chief Financial Officer announced that the company is preparing to secure a loan deal involving "a significant portion of the assets of the company."

Meanwhile, both companies continue to slash expenses, by reducing their workforces, and by looting assets such as retiree health-care funds. In addition, GM expects to bolster its cash position by selling its finance division, GMAC, to the hedge fund Cerberus.

Energy

Russian Officials Push Siberian Nuclear Plants

A round table on an Economic Development Strategy for the Urals and Western Siberia, held at the Russian State Duma (lower house of parliament) on Nov. 8, put forward some major economic initiatives. It discussed proposals to construct two new nuclear plants in the region: the South Ural Nuclear Plant in Ozersk, Chelyabinsk Region, and another in Seversk, Tomsk Region, as well as a new (fifth) reactor at the Belayarsk Nuclear Plant. These are already major industrial areas, West Siberia being a center of oil and gas production, and Chelyabinsk a large manufacturing city, especially since the World War II evacuation of industry to the Urals. But both face a power shortage.

A report distributed at the event by the nuclear power agency Rosenergoatom's press service, noted that the Ural Federal District produces 92% of Russia's natural gas, 68.1% of oil, 40% of steel and other rolled ferrous metals, 45% of refined copper,

40% of rolled aluminum, and almost 10% of the output of Russia's machine-building industry. This scale of industrial production is based on the unique natural resources of the District, which include over 26% of the world's natural gas reserves, and 10% of the world's timber.

Coal Mining

Sago Disaster Victims' Families Name Ross

The families of the victims in the Jan. 2, 2006 mine disaster in Sago, West Virginia, have named corporate predator Wilbur Ross and the WL Ross & Co., as well as Ross's International Coal Group (ICG), as defendants in their wrongful-death lawsuit for damages and compensation, over the explosions which led to 12 miners' deaths. Ross, a "former" Rothschild bankruptcy specialist who has made killings in a number of major manufacturing industries by buying up bankrupt companies and stripping them down at the expense of the workforce, in this case appears to have literally made a killing. Ross began buying the debt of Anker West Virginia Coal Co. in 1997, and had his lieutenant in apparent operational control of the company by May 2003.

The rate of accidents in ICG's West Virginia mines was three to five times the national average for underground coal mines, and the Sago mine had seen more than one dozen roof cave-ins during 2005. This information was widely circulated by *EIR*, during Congressional hearings on the lack of safety standards enforcement, after the tragedy. Now, action is being taken.

Speculators

Personal Loot Reaches Science-Fiction Levels

The major investment banks and hedge funds, awash in available credit, report that they are paying their traders stratospheric bonuses, which apparently vary according to the rashness and danger of the activity. Top

derivatives traders and "structured investment products" men will each get \$40-50 million in bonuses. Those who are in a position to bet the most, gain the most. A derivatives trader who puts through a nominal profit for the bank of \$500 million may get a bonus of \$50 million as a direct result. Top bankers will get \$20-30 million. The average managing director at a big Wall Street bank will get a \$1.7 million bonus, up \$500,000 from last year.

Wall Street and London banking firms are upping the ante this year, challenged by last year's personal bonus payment of \$1.5 billion to the top hedge fund manager and \$130 million average bonus to the top 25 hedge fund managers. Goldman Sachs, Morgan Stanley, Merrill Lynch, Lehman Brothers, and Bear Stearns will pass out about \$36 billion in bonuses, 30% higher than last year.

Public Debt

Italian Consumers Group Scores Rating Agencies

Adusbef, an Italian consumers organization, has published a report signed by Adusbef chairman Elio Lannutti and Paolo Raimondi, chairman of the International Civil Rights Movement Solidarity, exposing international rating agencies as a tool of financial speculation, and calling for a New Bretton Woods-like reorganization of the financial system. The report includes a passage on the resolution for a new financial architecture, voted by the Italian Parliament in 2005, and the Adusbef website version adds a box mentioning Lyndon LaRouche as initiator of the NBW.

A statistical survey by Adusbef found that of 1,000 reports issued by Moody's, Standard & Poor's, and Fitch, 910 proved to be wrong.

The Adusbef report was motivated by the recent downgrading of the Italian public debt. The report states that "the Three Sisters [the major rating agencies] . . . are an integral part of the problem that is driving the economic world towards the crash and systemic crisis, with devastating consequences for the entire economic, social and political life of our planet."