

# Business Briefs

## ***Nuclear Energy***

### **Brazil, Argentina Boost Cooperation**

The Argentina-Brazil Agency for Nuclear Energy Applications (ABAEN) was formed by Argentina and Brazil on Aug. 13, to intensify cooperation the field of peaceful uses of nuclear energy. Argentina and Brazil are pioneers in the development of nuclear energy in Ibero-America, which has also made them targets for destruction by the Malthusian globalization advocates and International Monetary Fund (IMF)-dictated austerity.

The Argentine Atomic Energy Commission (CNEA), whose president, Aldo Ferrer, was a signator to the agreement, emphasized that the company's goal is to allow both countries to "jointly, and openly, think about the future, and perfect the nuclear energy alternative, and promote progress in the peaceful application of nuclear energy." They will "consolidate and increase cooperative activities already under way, especially those related to nuclear generation, the nuclear fuel cycle, including provision of goods and services, and other applications of nuclear energy, among which are the production of radioisotopes and radioactive residue." A joint program will be launched for the "development of innovative and emerging nuclear technologies, the development of research reactors, and installations for research and development."

While Brazil's Foreign Minister Celso Lafer was in Buenos Aires to sign the accord, he also signed an additional protocol that will allow high-technology companies from both countries to work jointly, primarily in the development of space technology. Students will be granted special visas for study and research in both nations as well.

In March 2000, the CNEA had issued a report, entitled "Argentina's Nuclear Policy," warning that that the Fernando de la Rúa government's austerity policies were threatening the CNEA's existence. CNEA President Ferrer stated in the introduction, that CNEA's short-term financial situation was "truly critical." The cutoff of funds already allocated to the commission in the national budget "places it in an immediate [jeopardy] of cessation of payments." Ferrer

warned that unless there were a change in the policies of recent years, "fundamental components of the Argentine nuclear sector will become extinct in the first decades of this 21st Century."

## ***Pensions***

### **Workers' 401(k) Plans Losing Value Quickly**

The 401(k) pension funds which are invested in workers' company stock, are losing significant sums of money, *USA Today* reported on Aug. 20.

The Hewitt 401(k) index reports that as of July 31, nearly one-third of workers' 401(k) assets were invested in their own company's stock, which, while it buoys up the stock of their employers' company, has proven disastrous for many workers. For example, the 401(k) plans that Lucent Technologies set up for its workers, invested 31% of the workers' holdings into Lucent stock. The stock's value has fallen from its 52-week high of \$45.18, down to \$6.34 on Aug. 17. The workers at Lucent sued the company in July, charging that Lucent was aware of financial problems that made its stock inappropriate for 401(k) plans.

Workers at many other companies find themselves in similar straits.

On July 9, Cerulli Associates, a consulting firm, reported the average value of a 401(k) plan had fallen from \$46,740 in 1999, to \$41,300 by early July 2001, a fall of 11.6%. For workers enrolled in some plans, such as the one at Lucent, the fall is far steeper.

## ***Turkey***

### **Financial Crisis Grows, Industry Is Collapsing**

Turkey is facing growing crises in both the financial and industrial areas. On Aug. 14, the Turkish government tried to sell short-term government bonds to investors, but the

auction resulted in a disaster. The government could sell only 961 trillion Turkish liras' worth of three-month bonds, less than expected, and had to offer investors a yield of 98%, much higher than the rates sought under the \$15.7 billion International Monetary Fund-World Bank rescue package.

At the same time, Turkey's small and medium-size industry is collapsing. The Istanbul Chamber of Industry, which is one of the leading industrial associations in Turkey and in particular represents the small and medium-sized companies in the Istanbul area, recently released a study showing that the present depression caused by the financial crisis (including the free float of the currency) is even more devastating than the big earthquake in northern Turkey in 1999. The earthquake caused GDP to decline by 6.1%.

Industrial output of the Chamber's member companies crashed by 62.5% in the first half of the year, domestic sales fell 72%, and new orders are down 63.8%. Capacity utilization in most cases is below 50%, and the majority of companies are taking losses. For the whole Turkish economy, industrial production in June, according to government figures, was 10.4% below last year.

## ***Savings***

### **Investors Leave Stocks For Savings Accounts**

In the first seven months of 2001, individual investors poured \$210 billion into savings accounts, compared to \$36 billion put into stock mutual funds, the Aug. 15 *Wall Street Journal* reported. This was a reversal from a year ago, when \$233 billion was put into stock mutual funds and \$61 billion into savings accounts, according to TrimTabs.com, a Santa Rosa, California company that tracks stock market liquidity.

When people have asked Lyndon LaRouche, "What should I do with my money?," he has replied that he's not an investment adviser, but that savings accounts, which are insured to some extent, and Treasury paper, are obviously preferable to

**A CENTERS** for Disease Control study has backed increased AIDS testing, confirming universal AIDS testing saves lives—a policy that Democratic Presidential pre-candidate Lyndon LaRouche urged 16 years ago. The study found that 40% of AIDS victims don't discover they have HIV until a year before AIDS develops and they show symptoms. But AIDS comes on average ten years or longer after contracting HIV, which means people are not being treated when it is most easily contained. The CDC reports “an urgent need for more people to get HIV tests and for more doctors to recommend them as at-risk patients.”

**INDUSTRIAL** production in the Bosnian-Serb Republika Srpska collapsed by 9.3% in the first two quarters of 2001. Average income is at roughly \$150 per month, only three-quarters of subsistence level.

**JAPANESE** electronics manufacturer Fujitsu will cut 15,000 jobs, about 8% of its global workforce of 180,000, by next March to “boost profitability” in its sagging computer chip business. Tokyo's *Nihon Keizai Shimbun* and *Yomiuri Shimbun* newspapers reported on Aug. 19. Most of the layoffs will affect Fujitsu's overseas units in North America and Southeast Asia.

**THAILAND'S** government, led by Prime Minister Thaksin Shinawatra, is backing a bill mandating that the government maintain 50% control of state-sector industries. The State Investment Corporation Bill would manage the policy of privatization of the 89 state enterprises, worth about \$120 billion.

**ISRAEL'S GDP** contracted 0.6% and exports collapsed 26.5% for the first half of 2001, according to the Central Bureau of Statistics. The figures came out one day after figures were released showing unemployment increased by 3.4% in July alone. Fewer tourists and the collapse of the “New Economy” are being cited as responsible for the fall.

stocks. Or, as TrimTabs.com President Charles Biderman said, “In good times, people are worried about the return on their principal. In hard times, people become concerned about the return of their principal.”

## Asia

### Growing Economic Union Of China and Taiwan

Taiwan's 120-member Presidential economic advisory council subcommittee for economic ties with China, will announce its policy on increasing transport, trade, investment, and commercial links with the mainland on Aug. 24-26. The “Cross Straits Relations” Subcommittee of the panel, chaired by the government's chief of China relations, Tsai Ing-wen, has recommended raising the \$50 million cap on mainland investments and establishing full, direct trade links. Behind the move is the collapse of the U.S. market, which is primarily responsible for Taiwan's GDP contracting by 2.35% year-on-year in the second quarter, the biggest decline in 26 years.

Taiwan's President, Chen Shui-bian, said on Aug. 14 that with global competition, cross-strait trade is a correct path to take. He has also said that the council's suggestions would have an effect on government policy.

Taiwan is now in its worst economic crisis in 30 years. Already, many Taiwanese enterprises have moved their manufacturing base to China, but keep headquarters in Taiwan, increasing economic integration across the Taiwan Straits. This despite political difficulties, a ban by Taipei on direct trade and communication links, and strict restrictions on investments in China.

Taiwan analysts are discussing the proposal, of following in the footsteps of the European Union, for which economic cooperation preceded political integration.

According to the Taiwan Chinese National Federation of Industries, its largest manufacturing association, there are now some 50,000 Taiwanese investors in China, including 24,000 of Taiwan's 80,000 manufacturers. Many Taiwan businessmen view the mainland as their main manufacturing

base and their biggest market. Also, the *Singapore Straits Times* reports, the expansion of the economic integration of Taiwan and China to include Hong Kong is also growing.

## Poland

### Budget Deficit Headed Toward 10% of GDP

Poland's Finance Minister Jaroslaw Bauc warned that the national budget deficit may reach 90 billion zlotys (Poland's currency), or 10% of Gross National Product, in 2002, and he demanded severe austerity programs, the Germany daily *Frankfurter Allgemeine Zeitung* reported on Aug. 16.

Leszek Miller, leader of the Democratic Left Alliance of President Alexander Kwasniewski, which is part of the parliamentary opposition and expected to win a landslide victory in the September elections, demanded that all relevant data be published, to open up a public debate before the elections. In response to the quarrel, Poland's “WIG 20” stock index fell to its lowest level since 1998, and the zloty fell further against dollar and euro.

Numerous proposals have been advanced to deal with the crisis, including a special tax on imports, raising the value-added tax, and freezing increases in pensions and salaries in the state sector. Other voices call for lowering interest rates. At the same time, the government and opposition seem to agree that several promises, that would raise the standard of living, will not be implemented, while efforts are being made to improve tax collection. All these proposals do not go beyond the limits of the “economic orthodoxy” imposed by the International Monetary Fund, i.e., to impose austerity, mostly at the expense of the population.

It is now generally recognized that the governing Election Action Solidarity (AWS)-led coalition has no chance of being reelected; indeed, the AWS may suffer the same fate as the party leading the former “reformist” Romanian government, which even failed to pass the threshold for reelection into Parliament.