

Business Briefs

National Economy

Argentine Diplomat Looks To FDR Legacy

"No one has forgotten the important historical and psychological legacy of the great President Franklin Delano Roosevelt," in thinking about Argentina's current crisis, wrote Argentine diplomat Hugo Gobbi, in the daily *Clarín* on June 5.

Gobbi, a former Assistant Secretary-General of the United Nations, criticizes the contradictions in U.S. policy—protectionism, the Enron scandal, unilateralism—noting also the International Monetary Fund's imposition of conditionalities on nations needing financial assistance. Gobbi points out that by "ignoring Latin American aspirations, Washington has renounced any associative or integrationist process with this region"—that is, the Free Trade Area of the Americas is dead.

What is needed to set matters straight is "bold innovation," Gobbi asserts. The current international climate "is not encouraging" for Argentina. "Nonetheless, it is a moment in which we cannot lose faith in our ability, or allow ourselves to be discouraged. We know that times of crisis force us to harmonize and coordinate national efforts, and to seek urgent solutions. No one has forgotten the important historical and psychological legacy of that great President, Franklin Delano Roosevelt, in a period equally tragic for Americans, in the sense that, faced with a difficult situation, it is more important than ever to preserve and promote confidence in the human and natural resources of our country."

Public Health

Sounding the Alarm Over HIV in Russia

UN Secretary General Kofi Annan, during a visit to Moscow on June 5, met with officials from HIV prevention and treatment programs in Russia, who told him that the growth rate of HIV infection in the country is one of the highest in the world. Over 2.5% of Russian teenagers have been infected with

HIV, they said. The looming HIV catastrophe was discussed in its relationship with the drug addiction epidemic and child homelessness.

The Russian Health Ministry reports that 88,120 new HIV cases were registered among Russian citizens in 2001, out of a total of 194,033 registered HIV infections since 1987, according to a June 2 release from Interfax. Urban Weber, UN adviser on HIV, was quoted on June 2 in the London *Observer*: "Ninety percent of Russian HIV cases caught the disease since 1999. This means that the first wave of people will start arriving in hospitals in three years."

The occasion for the *Observer* article, titled "Russian AIDS Plague To Hit Europe," was the forthcoming release of a report from the Imperial College in London, which projects that 5% of the adult population of Russia will be HIV-positive by 2007. The *Observer* quoted one doctor who took part in the study, saying that in Russia, "4 million adults will develop AIDS," and "it could easily be a lot worse—at least double. And these people will die within ten years." The highest rates of infection have been among intravenous drug users, but HIV is now spreading more widely through heterosexual contacts.

The Imperial College study was commissioned by the UN AIDS program, UNAIDS, for presentation at a World Health Organization conference in Barcelona in July.

Labor Force

U.S. Unemployment Statistics Lie, Again

The official U.S. unemployment level fell from 8.594 million in April, to 8.351 million in May, a decrease of 243,000 workers, and the unemployment rate fell, between April and May, from 6.0% to 5.8%, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) reported on June 7. As usual, they're lying.

For one thing, unemployment continues to rise in the manufacturing sector, the core of the productive economy, and in May, a further 19,000 manufacturing jobs were eliminated. Since July 2000, some 1.761 million manufacturing payroll jobs have

been eliminated from the U.S. economy. Of these, 1.443 million are *production manufacturing workers' jobs*.

Otherwise, in order to make it appear that the number of payroll jobs is increasing, the BLS once again resorted to the ruse that it has used several times: rewriting history. In February, the BLS reported that the number of payroll jobs had increased by 66,000, only to revise that down to negative 2,000; in March, the BLS reported that the number of payroll jobs had increased by 58,000, only to revise that down to negative 21,000; in April, the BLS reported that the number of payroll jobs had increased by 43,000, only to revise that down to positive 6,000. For May, the BLS is reporting that payroll employment increased by 41,000 jobs, a figure that likely will be revised downward within a month.

From February to April, the BLS had reported that the number of payroll jobs *increased* by 162,000, when, in fact, after revision, it *decreased* by 17,000. Only by revising downward its April payroll jobs figure from positive 43,000 to positive 6,000, could the BLS then claim an increase of 41,000 payroll jobs in May.

EIR has determined an approximation of the real unemployment rate. Counting the official number of unemployed, plus those in the categories of "want a job, not in the labor force," and "part-time for economic reasons," the real unemployment level is 15.296 million, and the real unemployment rate is 10.8%—double the official level.

Zambia

IMF/World Bank Rush To Offer 'Help'

After Zambian President Levy Mwanawasa introduced a New Deal for agricultural modernization, reintroduced subsidies for peasant farmers, delayed the privatization of the few remaining state enterprises, and scrapped cost-sharing fees in primary schools, the International Monetary Fund (IMF) and World Bank have suddenly discovered in themselves a deep and abiding love for Zambia. Mwanawasa's New Deal was reported in *EIR* of March 22.

ISRAELI unemployment was 10.6% for the first quarter of 2002, which compares with 8.7% for the first quarter of 2001. The Israeli daily newspaper *Ha'aretz* reports that 270,600 Israelis are now unemployed.

BETHLEHEM STEEL, the third largest U.S. producer of steel, is being dropped from the New York Stock Exchange listing, because the price of its stock fell below a dollar a share for more than 30 consecutive days.

TYCO is being investigated by the U.S. Securities and Exchange Commission for its accounting of acquisitions, used to triple sales in the four years ending Sept. 30, reviving a probe conducted in 1999-2000. The credit rating agency Fitch downgraded Tyco's debt to "junk" status, joining Moody's and Standard & Poor. Tyco's scheme to survive includes an initial public offering on its financial services subsidiary, CIT, which would raise \$6.5 billion, if a sucker would buy it, but the Securities and Exchange Commission has not yet approved the plan.

GLAXO, the British pharmaceutical giant, is alleged by the U.S. Internal Revenue Service to have improperly avoided a significant portion of U.S. taxes on \$29.5 billion in drug sales during 1989-99. GlaxoSmith Kline, it appears, overpaid its British parent for the drugs, thereby artificially reducing its profits in the United States and paying less U.S. taxes as a result.

PERSONAL INCOME tax (PIT) revenues in the states of the United States were down 21.4% in April compared to last year, according to a survey of states' fiscal status released on June 4 by the Rockefeller Institute and several national associations of state officials. In five states, the declines were as much as 19.1-28.9%. Overall PIT revenues were down \$14.57 billion in January through April, with \$8.56 billion of the drop from April revenues.

A three-day conference of international donor and investor representatives inspired by the IMF and World Bank began in Kitwe, Zambia, on June 3, to urge the Zambian government to diversify. While they cannot say that Zambia's emphasis on food production and processing is wrong—since southern Africa is now suffering famine—they are attempting to get emphases on tourism and gemstone mining included on Zambia's agenda.

According to the UN Integrated Regional Information Networks (IRIN), "Western donors led by the IMF and World Bank prodded the reformist government of former President Frederick Chiluba to sell some 300 state-run firms and entities. That included Zambia Consolidated Copper Mines, which was responsible for around 80% of the country's foreign [exchange] earnings." They said that this would boost copper production. But since then, poor international metal prices have led to further reduction in earnings. Anglo American and other mining houses are now reducing or suspending their investments. The IMF/World Bank-led reforms thus "could force the Zambian economy to its knees."

The conference was preceded by the IMF's announcement on May 30 that it had approved a \$317 million loan for Zambia's Poverty Reduction and Growth Facility.

These moves are doubtless also aimed at moving President Mwanawasa away from his strong support for Zimbabwean President Robert Mugabe.

Germany

Unemployment Expected To Soar This Summer

German official joblessness won't fall significantly below 4 million this Summer (10% of the total labor force of 40.5 million). The report for May, presented at the Federal Labor Office in Nuremberg on June 8, still showed an official unemployment figure of 3.945 million, although the warm weather contributed to a seasonal surge of construction employment.

In terms of total joblessness, May 2002 has been the worst since May 1997. The av-

erage May unemployment rate in Germany's western states was 7.6%, in the eastern states 17.7%.

In the machine-building sector, the heart of Germany's industrial economy, firms are not hiring new staff, but are expanding work for the staff they have kept over the recent months, at short-work. Hence, no improvement is in sight, for the unemployed.

Also, firms are not taking the risk, in this situation, of hiring young workers or apprentices: The jobless figure among workers under age 25 increased by 16% in May, compared to the same time last year. And, the total number of apprentice jobs offered by firms, has fallen by 6%, against the year before. In many districts of eastern Germany, youth unemployment is as high as it is in neighboring Poland: between 40% and 50%.

Trade

Nigeria Takes Measures To Protect Shipping

Nigeria's House of Representatives has passed a protectionist law prohibiting foreign vessels from engaging in any form of carriage of cargo and passengers, from any port or point to another within the Nigerian waters, the *Vanguard* of Lagos reported on June 2. "The Senate is also disposed to pass the bill aimed at protecting the indigenous shipping operators, who until last year were denied the privilege of participating in the carriage of petroleum products and supply services to and from oil rigs, platforms, and installations," the newspaper added.

"Expectedly, foreign shipping companies which have been in control of the coastal trade are adverse to this bill which is considered unprogressive and protectionist, with the argument that it is against the spirit of globalization and liberalization."

Under the law, a vessel financing fund will be established to promote the development of indigenous ship acquisition capacity, by providing financial assistance to Nigerian operators in domestic coastal shipping. The fund will be managed by designated banks which must operate with adequate security, while the payment of interest must not exceed 10% of the loan.