Business Briefs

Europe

EU Infrastructure To Get 220B Euros by 2020

The European Union intends to spend 220 billion euros for rail, road, shipping, and other infrastructure projects over 15 years. On Oct. 1, the EU Commissioner for Transport, Loyola de Palacio, presented an updated list of infrastructure projects at a Brussels press conference. Altogether 29 projects are listed, which include those of the old Delors-Christophersen Plan that still have not been completed, but also projects from the list which the special expert group of former Commissioner Karel van Miert presented at the end of June.

The main emphasis is on conventional railway development, mostly in the Balkans and Eastern Europe (these are also the eight *new* projects among the 29, with more than 20 different railway sections); and some in Western Europe. There is the Messina Straits crossing, the Fehmarn Belt crossing, plus the respective railway linkages. There are four shipping routes, called "motorways of the sea" (Baltic route, Iberian Sea-Irish Sea-North Sea route, and the Western Mediterranean and Eastern Mediterranean routes). There is also the Galileo satellite project.

80 billion euros are to be spent on the most advanced projects by the end of 2006.

Deregulation

AEG Sued For Gaming Gas Market

The U.S. government is suing American Electric Power Corp. for manipulating the natural gas market during 2000-2002 and pocketting illegal profits, thanks to deregulation, according to reports in *USA Today* and the *New York Times* on Sept. 30.

The Commodity Futures Trading Commission filed a lawsuit against American Electric Power, one of North America's largest utilities, accusing it of manipulating energy markets. AEP reaped $63.6 million by falsely reporting as much as 78% of its natural gas trades during November 2000-October 2002, the agency said. "The bottom line is false reporting, and manipulation was an addiction for this company," said CFTC enforcement chief Gregory Mocek.

The commission has collected $96 million in civil penalties from recently high-flying energy pirates such as Dynegy, El Paso, Williams, and Duke Energy.

Manufacturing

Midwest Index 'Falls Off Cliff' in September

The pace of manufacturing activity in the American Midwest slowed sharply in September, while consumer confidence' plunged, according to separate reports released on Sept. 29.

The Institute for Supply Management said its monthly index for the Chicago area fell to 51.2 in September, from 58.9, based on surveys with purchasing managers. The index "fell off a cliff," said an economist at Deutsche Bank Securities. For example, the employment component dropped to 45.3 from 51.2, indicating a very large number of additional lay-offs.

Meanwhile, the Conference Board (a private group) said its "consumer confidence" index fell to 76.8, from 81.7 in August, due to worries about jobs. The report's "jobs hard to get" index component jumped to 35.3—the highest level since December 1993.

Poverty

Big Jump in Number of U.S. Poor

The number of Americans "officially" living in poverty rose to 34.6 million in 2002, an increase of nearly 10% over two years of the American economy's slide. The poor now officially comprise 12.1% of the American population, according to "Poverty in the United States: 2002," a report released Sept. 26 by the U.S. Bureau of the Census.

EIR's economic researchers have done more accurate calculations indicating that the real poverty rate is 22.5%—almost double the official rate.

According to the Census Bureau, in 2000, there were 31.6 million Americans in poverty, so that the new report marked an increase of 3 million in the "official" level of poverty in just two years. The number of families living in poverty increased to 7.2 million (or 9.6% of all families). The number of Americans living in "severe" poverty—which is defined as having incomes of 50% or less of the official poverty level—rose to 14.1 million in 2002, to comprise nearly 40% of the total of those who are classified as poor. For "black" Americans, the official poverty rate jumped to a whopping 24.1%, from 22.7% in 2001.

But the "official" poverty threshold is a nasty joke. In 2002, the Census Bureau defined this poverty threshold as $18,392 for a family of four, per year. Almost no family of four could survive on that level of income, including affording such essentials as housing, food, clothing, etc. The "official" poverty level was determined in 1963, as having an income three times what a household spends for a minimum food budget. This concept was inadequate then, and is completely ridiculous today, especially given hyperinflated housing costs.

For the past two decades, *EIR* has utilized as a more accurate, functioning real poverty threshold, which is established as an income at 1.5 times the "official" poverty threshold. In 2002, this real threshold would be equal to $27,588 or less for a household of four, per year. Based on that, *EIR* has determined that, in reality, approximately 64 million Americans live in poverty, representing a stunning 22.5% of the population.

Railroads

Amtrak Strike Over Funds Threatened

Because the the "chronic underfunding" of America's only national passenger railroad, members of unions representing 8,000 of the railroad's 21,000 employees warned they will walk off the job on Oct. 3. Media cited unions saying that the issue is that the railroad cannot be run with its level of funding, and that its conditions could lead to a major accident or serious disruption within the next year. Amtrak executives are organizing for a court order to compel the workforce; they asked on Sept. 30 for a restraining order from the U.S. District Court for the District of Columbia.

Amtrak has requested $1.8 billion in Congressional funding to continue current operations, plus additional funding for repairs and to make capital improvements deferred under decades of underinvestment. The House of Representatives has approved just $900 million—an amount Rep. Max Sandlin (D-TX) warned would "force Amtrak down the fast track to insolvency"; while the Senate has proposed about $1.35 billion.

Koreas

North-South Economic Cooperation

South Korean Unification Minister Jeong Se-hyun stressed that continued North-South cooperation in building up the physical economy, should proceed while the nuclear issue is being discussed. Jeong, made his remarks in two speeches Sept. 25 and 26. This viewpoint, as advocated by Lyndon LaRouche, has been under major attack since the United States broke relations with Pyongyang in October 2002.

"Settlement of North Korea's nuclear issue and inter-Korean economic cooperation should progress hand-in-hand," Jeong told a cabinet meeting, as economic cooperation creates the mutual trust necessary to deal with nukes.

At a Presidential advisory panel, Jeong even stressed that equal treatment should be given to the infrastructure of the North Korean industrial complex at Kaesong as is given to South Korean industrial parks, to raise the Kaesong complex's international competitiveness. The South Korean government, as a matter of policy, builds all infrastructure such as water supply and sewage systems at no cost for industrial parks in the South, in order to lessen the burden on local firms.

Health Insurance

Uninsured Number Shot Up 2.4 Million

The Census Bureau on Sept. 29 reported the increase to 43.6 people without health insurance, or about 15.2% of all Americans. The continued erosion of jobs and employer-sponsored health coverage were seen as the main causes. The number of employed people with employer insurance declined by 1.3 million last year, from 62.6% in 2001 to 61.3% in 2002.

The number of full-time workers without health insurance rose by nearly 900,000 last year to 19.9 million, or about 17% of full-time employees. About 24% of part-time workers are without insurance; 26% of the unemployed are uninsured. About 32.4% of Hispanics are uninsured, while the rate of uninsured among foreign born individuals was 33.4%. The U.S. Chamber of Commerce says the number of people earning over $50,000 who are without coverage is also growing.

Over one-quarter of the U.S. population is covered by Federal-state health programs for the poor and disabled, but this percentage is likely to shrink, as bankrupt states are cutting back Medicaid and State Children's Health Insurance program (SCHIP). People covered by Medicaid, the Federal-state health program for the indigent and disabled, and SCHIP, rose to 25.7% last year from 25.3% a year earlier. For instance, Texas, which has the highest number of uninsured residents—24.7%—cut back Medicaid and SCHIP this year.

WalMart slashed health benefits for employees on Sept. 28, and won't cover retirees at all. The world's biggest retailer, with 1.16 million employees, won't insure flu shots, eye exams, child vaccinations, and other treatments, and demands $1000 deductibles—triple the norm. This could set a trend for other struggling employers. The company has raised premiums 50% in the last two years; new hourly employees wait six months for coverage.

Briefly

LEVIS announced closure of all North American plants, and a layoff of its 2,000 remaining employees. The Sept. 25 announcement said the company will close its sewing and finishing operation in San Antonio, Texas by year-end 2003, laying off 800 workers; and it will close its three remaining plants in Canada by March 2004, affecting 1,180 workers there. UNITE Union President Bruce Raynor said the plant closures and job losses were the result of U.S.trade policies that let companies "scour the globe for the cheapest, most vulnerable labor they can find."

FINANCIER-PIRATE Wilbur Ross, who is buying out bankrupt textile maker Burlington Industries, moved Sept. 24 to swallow the world's largest denim fabric maker, Cones Mills Corp., which filed for bankruptcy that day. Ross, the former head of N.M. Rothchild's bankruptcy advisory practice, took over of a huge chunk of the bankrupt steel industry with the purchase of bankrupt LTV, ACME steel, and Bethlehem Steel, and has reduced work force, wages, and benefits, and torn up work rules.

IRAN is talking to China and India about its oilfields' development. The Managing Director of National Iranian Oil Company (NIOC), Seyed Mehdi Mir-Mo'ezzi, told IRNA at Tehran on Oct.1 that Iran has entered into talks with Indian and Chinese companies, focussed on development of the northern part of the Azadegan and Cheshmeh Khosh oil fields. The talks are still at a preliminary stage; Iran is seeking to ease the countries' access to the LNG and gas markets.

PRESIDENT Vicente Fox suggested Mexico's national oil company, Pemex, could leave the country to be privatized! Energy privatization "reforms" were high on Fox's agenda in his meetings with businessmen while in New York City for the UN General Assembly. According to *El Universal* on Sept. 26, he told the businessmen that if foreign capital was not permitted in Pemex, "Pemex would leave Mexico."