

Business Briefs

New Parmalat's

Italy Central Banker Under Investigation

As of Feb. 25, prosecutors in Trani are investigating Antonio Fazio, governor of the Bank of Italy, for possible complicity of the central bank in a pyramid scheme. The scheme was run by Banca 121, a bank set up in 1995, which sold highly speculative products camouflaged as Italy's Treasury bonds. It is calculated that 100,000 customers lost almost 4 billion euros, especially in the Apulie region. Eventually, Banca 121 was bought by Monte dei Paschi di Siena.

In the aftermath of the Parmalat food conglomerate's failure and the ongoing Parliament hearings, it was clear that Fazio's head was set to roll. The reason is that the Italian banking and financial system is on the verge of bankruptcy, and one faction in the establishment has decided that the policies responsible for that, as well as the people associated with the policies, must be dumped. One faction in the financial establishment is pushing for 1936-style banking re-regulation, including bringing the central bank under government and parliament control.

The initiative of the LaRouche movement for a New Bretton Woods, intersecting this faction fight, aims at making sure that no fascist reorganization schemes are implemented. New Bretton Woods motions are active in both houses of Italy's Parliament.

Fascist Economics

Fed Wants Schachtian Cuts in Entitlements

Federal Reserve Chairman Alan Greenspan, testifying Feb. 25 about the ballooning Federal budget deficit, demanded reducing Social Security and Medicare benefits—which the government is required to pay—for workers at or near retirement age. Evoking echoes of Hitler's Economics Minister Hjalmar Schacht, for whom such cuts are since named, Greenspan said that “we will

eventually have no choice but to make significant structural adjustments in the major retirement programs.” He told Congress to cut “as much as you can,” and to do it “as soon as possible,” claiming that the government was overcommitted in spending on required benefits and health insurance for retirees, known as entitlements.

“I think it is terribly important to make certain that we communicate to the people who are about to retire, what it is they're going to have to live with,” Greenspan said.

Specifically, he urged Congress to push up the retirement age (currently 65) for Social Security and Medicare (the government's health-care program for seniors); and to reduce the cost-of-living increases, which are linked to official inflation, by using a new faked measure of inflation. Medicare, he added, was the “main fiscal problem.” Greenspan complained that advances in medical technology, by allowing people to live longer, had increased the level of spending required for retiree health care.

Worse, the Fed chairman mooted the elimination of the Federal trust funds, revenues set aside by law for Social Security, Medicare, and some other purposes, but which have already been “borrowed”—looted—under the sham “unified budgets” of recent years. “I think that the various trust funds we set up . . . don't really create anything with respect to decision-making. And if, frankly, they were all eliminated, I would find nothing would be lost.” Government programs “can be extraordinarily difficult to shut down,” he raged, “once constituencies for them develop.”

U.S. Unemployment

Third-Highest January On Record for Layoffs

There were 2,428 “mass layoff” actions in January in the American economy, affecting 239,454 workers, the U.S. Labor Department's Bureau of Labor Statistics reported on Feb. 25. This marked the most layoff events ever recorded during the month of January, as well as the third-highest January level of workers affected. Each “mass lay-

off” action involved at least 50 workers from a single employer, as measured by new filings for unemployment benefits.

Manufacturing suffered 35% of all mass layoff events, and accounted for 37% of all initial claims for unemployment filed in January.

Geographically, four states accounted for 45% of both layoff events and number of workers: California, New York, Michigan, and Ohio. Michigan reported the largest over-the-year increase in the number of initial unemployment claims.

Telemarketing

Prison Labor Costs Less Than Outsourcing

Perry Johnson, Inc., a Southfield, Michigan-based consulting firm that engages in telemarketing, has “chosen to remain in the United States, rather than—as other telemarketing firms are doing—move its operations offshore; in this case, to India.” It chose to set up operations inside the Snake River Correctional Institution, a razor wire and cinderblock state penitentiary in Oregon, a few miles west of the Idaho state line. The *Times of India* reported the story on Feb. 26.

The Oregon Department of Corrections is pitching itself as the alternative to moving offshore. Robert Killgore, the director of Inside Oregon Enterprises, the quasi-state agency that recruits for-profit business to prisons, boasted, “I'm really excited about this. We keep the benefits here in the U.S. with companies where it's fruitless to compete on the outside. . . . This is a niche where the prison industry could really help the U.S. economy.”

Oregon is one of ten states that employs inmates in for-profit call centers. Chris Harry is an inmate at the Snake River Correctional Facility, serving a nearly 11-year prison term, who makes \$130 per month—which is \$40 per week, or less than \$2 per hour. He is never late or absent.

Globalization, within an economic breakdown, is driving the United States toward the choice between outsourcing, and captive prison labor.