

# Business Briefs

## Cities

### Vallejo, California May Declare Bankruptcy

The city of Vallejo, California, home of 120,000 people, is considering the possibility of declaring bankruptcy. The City Council held a hearing on the implications of such a move on the evening of Feb. 21.

Vallejo projects a \$6 million budget deficit by June 30, the end of its fiscal year, and the inability to pay city employees by mid-April. Some city officials are attributing the financial crisis to increasing police and firefighter salaries, along with plummeting tax revenue from the collapsing housing market.

According to the *San Francisco Chronicle*, the Vallejo City Council is considering cutbacks at the library, public swimming pool, and history museum, as well as rescinding a 15% pay raise for police and firefighters, layoffs of city employees, rotating closures of fire engine companies, and cutting funding to all community groups.

The most recent major bankruptcy by an urban locality was that of Orange County, California, in 1994. Without Federal protection, the result was devastation of living conditions.

## Firewall

### New Calls To Protect Homeowners, Banks

The Indiana state legislature became the 15th in the United States to have the LaRouche-authored Homeowners and Bank Protection Act introduced, during the week of Feb. 21. State Sen. Samuel Smith sponsored Concurrent Resolution 33, which urges the U.S. Congress to declare a moratorium on home foreclosures and to establish a homeowners and bank protection act (HBPA).

The HBPA, as drafted by Lyndon LaRouche in August 2007, calls for Congress to put the Federal and state chartered banks under protection, to freeze all existing home

mortgages for as long as it takes to adjust them and work out a reorganization of the banking system, and to declare a moratorium on home foreclosures during this same transitional period. While restructuring is taking place, the bill empowers state governors to assume the administrative responsibility for implementation, including establishing "rental" payments from homeowners to designated banks.

Calls for the HBPA have been introduced in nearly 75 cities around the United States. The latest to pass such a resolution, on Feb. 20, was the Melvindale City Council in Wayne County, Mich. (population 10,700). It is a blue-collar suburban area that is being decimated by layoffs, outsourcing, and the home foreclosure tsunami.

## Energy

### Brazil and Argentina Put Nuclear on Agenda

The Presidents of Brazil and Argentina met in Buenos Aires on Feb. 22 and signed 17 bilateral agreements viewed as crucial to the process of regional integration. These include cooperation in aerospace, defense, transportation, and energy, but key among them are the plans to build a binational uranium enrichment plant, and set up a binational commission for the purpose of designing a nuclear reactor able "to meet the needs of both countries' electrical systems." The agreement occurred after a period relative silence, following the Dec. 9, 2007 founding of the Bank of the South.

Malthusian financiers in London and New York must be sweating. Scientific and technological cooperation between Argentina and Brazil, especially in the area of nuclear energy, is one of their worst nightmares. But Brazilian Foreign Minister Celso Amorim was grinning, according to the daily *O Globo*, when he told reporters in Buenos Aires on Feb. 21, "We're taking a step toward nuclear, and even industrial, strategic cooperation, with projects for the use of nuclear energy and building of reactors." He promised that when the announcements were made the following day, they would

have a "huge impact inside and outside the two countries."

Both Brazil's President Lula da Silva and Argentina's President Cristina Fernandez de Kirchner addressed the importance of the strategic alliance between their two countries. Lula described it as "indispensable for us to achieve our national goals, which only make sense if they are seen as part of a broad project of South American integration." In that connection, he also emphasized the importance of the Bank of the South.

## Natural Gas

### Algeria and Russia Discuss Cartel Idea

Russian President Vladimir Putin and Algerian President Abdel-Aziz Bouteflika met in Moscow Feb. 20 to discuss economic cooperation. Both countries are major natural gas suppliers to Europe, and the Presidents discussed energy ties amid speculation concerning the creation of a gas producers cartel similar to OPEC.

"It's extremely important that we keep in touch on energy issues, particularly since Algeria this year is chairing OPEC," Russian President Vladimir Putin is quoted by AFP as telling Bouteflika.

Bouteflika, for his part, told Russia's ITAR-TASS news agency that major gas exporters should "coordinate" their energy policies. Asked about plans for a cartel, Bouteflika said: "It's clear that countries such as Russia, Qatar, and Algeria already play a major role on international gas markets, and they should coordinate their activities even more." He also said that the Gas Exporting Countries Forum (GECF), set up in Tehran in 2001, should "play a more active role," and that gas suppliers to the European Union should team up against "restrictive laws" on energy imports.

This is the Algerian President's first official visit to Moscow, and follows a trip by Putin to Algiers in 2006, in which Russia wrote off Algeria's Soviet-era debt, in exchange for arms purchases by Algeria of around \$7 billion.