

Economics Briefs

‘Expect More Bank Cracks’

A *MarketWatch* [article](#) Sept. 27 was headlined, “Global insurers over-seeing \$29 trillion in assets expect more cracks at banks.” For “cracks,” read bankruptcies, failures of banks. The article reports on an international survey of CFOs and CEOs of major insurance firms.

Immediately President Joe Biden on June 3 signed the legislation raising the U.S. Federal debt ceiling, it was evident that the avalanche of new Federal borrowing required after the Federal Reserve/Treasury \$9 trillion money-printing bonanza of 2019–2022, would drive Treasury interest rates up rapidly and re-ignite the bank crisis. In the four months since then, each maturity of Treasury securities, from 6-month bills to 30-year bonds, has risen in yield by more than a full percent, and that upward push seems only now to be gathering its real momentum. Warnings are now being given that the bank crisis is, indeed, being re-ignited. In a related *MarketWatch* [article](#) Sept. 27, TD Securities analysts are quoted as saying:

“A persistent selloff in bonds increases the risk of ‘breaks’ similar to those seen during the UK’s liability-driven investment crisis of last year and this year’s collapse of Silicon Valley Bank.”

China Explores Novel Physical Principle To Outflank U.S. ‘Chip War’

Chinese university teams of scientists and engineers are seeking a breakthrough to achieve world’s smallest semiconductor chips by applying particle beam physics to their production.

The technique, if perfected, would be similar to using experimental free-electron lasers (FEL) to achieve peak power in laser arrays. Chinese chip manufacturer Semiconductor Manufacturing International Corp. (SMIC) has already achieved 7-nanometer chips—equal to the most miniaturized semiconductors now in international production—for Huawei 5G phones and for surveillance cameras. This has begun to turn back the U.S. attempt to push China’s semiconductor industry generations behind.

Researchers at Tsinghua University call the new method of chip lithography “steady-state microbunching” (SSMB); it involves coating the wafer with photosensitive material and using an electron beam to generate extreme ultraviolet (EUV) light to engrave the “nodes” on the chip. EUV is ultra-short wavelength light able to engrave chips with nodes of 7 nanometers or even smaller. The Dutch company ASML’s world-leading technique, now denied to China by American sanctions and financial arm-twisting, uses laser pulses to transform tin droplets into plasma, emitting EUV light. A lot of power is lost in the process, however, which could be problematic in attempting to produce semiconductors with even tinier features of 5 and 3 nanometers.

Tsinghua University’s team is experimenting with the particle-accelerator principle: Charged particles (here, electrons), when accelerated on a curved path, emit focused light—to generate very coherent EUV light using less power. The work is [explained](#) in *Interesting Engineering* magazine Sept. 25, which expanded on reporting in *South China Morning Post* Sept. 24.

Tsinghua University team leader Dr. Tang Chuanxiang commented:

“There is still a long way to go before our independent development

of EUV lithography machines, but SSMB-based EUV light sources give us an alternative to the sanctioned technology.”

India ‘Going North’ for Development of Infrastructure in Siberia

In a meeting Sept. 13 on the sidelines of the Eastern Economic Forum in Vladivostok, India and Russia discussed cooperation in development of the Northern Sea Route (NSR, ports and shipping along the shore of the Arctic Ocean in Siberia), and what is called the Eastern Maritime Corridor (EMC) between Vladivostok and Chennai (former Madras, in Tamil Nadu state in southern India!). *The Hindu* [reported](#) Sept. 14 that immediately,

“Indian seafarers will be trained on Polar and Arctic waters at the Russian Maritime Training Institute in Vladivostok, which is equipped with simulators.”

The head of the Indian team at the meeting, Minister of Ports, Shipping and Waterways, Sarbananda Sonowal, announced the formation of an “India-Russia Joint Maritime Commission to facilitate constructive discussion on various issues regarding development of the NSR.” He said India wants a partnership to develop it “for enhanced connectivity and trade.”

The next step, Sonowal said, is a “workshop in Chennai [which] will discuss the operationalization of the EMC, and ... trade and transport of commodities such as coking coal, oil, and liquified natural gas along this corridor.” Russia has been invited to the Global Maritime India Summit 2023 in Lothal, India Oct. 17–19.

In his statement, Russian Minister

for Development of the Far East and Arctic, A.O. Chekunkov, added fertilizers to the products for trade through the two corridors, as their development progresses in Russia's Far East. He also said Russia wanted to expand the scope of this partnership to include development of the territory of Khabarovsk, along the Amur River as well as Primorye Krai.

The Downfall of American Prosperity Reflected in Wages

Wages and salaries in manufacturing industries are the highest in most countries—but in the United States the industry which for many decades paid the most—the auto sector—has cut its workers' wages the most savagely in the 21st Century. *EIR* reported on this when the UAW strikes began; *The Washington Post* on Oct. 1 added a quantifying graph, showing that auto workers' pay, since 2003, has dropped further than that in any other of 166 industries tracked by the U.S. Census Bureau.

Adjusted for inflation, auto workers' real wages are 30% lower than in 2003—and that is the “first tier” workers who were in the industry before the GM and Chrysler bankruptcies of 2009. The “second tier” workers hired since 2009 make only 60% of that paid to “first tier” workers. Thus these newer workers' real wages are 60% lower, on average, than what all UAW members earned in 2003.

This unmatched collapse in wages of American workers can be laid at the door of the Bush and Obama Administrations, which forced UAW wages down as plants closed and bankruptcy struck GM and Chrysler in the 2004–2009 period, but also of the slandering and persecution of Lyndon LaRouche.

LaRouche's movement won many UAW local leaders, and pro-labor local elected officials, to a legislative [act](#),

the Economic Recovery Act of 2006. Researchers in LaRouche's movement uncovered a situation in which nearly 70 auto assembly and parts plants in North America were being closed down by the three biggest automakers alone, and detailed these plants' capabilities for economic reconstruction. The Economic Recovery Act would have created a federal Infrastructure Plants Corporation, to nationalize the closing plants and retool their extraordinary machine-tool capabilities for building new infrastructure such as lock-and-dam systems, rail corridors, port facilities, elements of nuclear power plants, and housing.

The Democratic Party and UAW national leaderships actively lobbied Congress to block the legislation from introduction, in order to block LaRouche. Auto workers and the entire American workforce have paid the price since.

World Goods Trade Is Down to No Growth for 2023

The World Trade Organization published a [trade forecast](#) Oct. 5 projecting that the world's trade in goods in 2023 will be essentially flat with that of 2022, showing a growth of only 0.8% year on year. It had grown by 3.0% between 2021 and 2022, and had been forecast by WTO six months ago to grow by 1.7% this year. WTO cited “adverse implications for the living standards of people around the world,” and asserted:

“The exact causes of the slowdown are not clear, but inflation, high interest rates, U.S. dollar appreciation, and geopolitical tensions are all contributing elements.”

One element that stands out in the complex data of trade charted in the report, is that already in the first six months of 2023 the imports of those regions and nations which are not fossil fuel producers were declin-

ing—most markedly in Europe and South America—while the imports of fossil fuel producing regions and nations were increasing, sharply in some cases.

Trans-Atlantic Wind Power Projects Keep Failing

Adding to the drumbeat of failure news hitting the industry of multinational corporations producing large wind turbines for “wind farms”—supposedly the new global electric power leader—a Reuters' Sept. 28 [article](#), “Wind Power Drifts Off Course,” reports that “design flaws and supply-chain delays” for these huge white elephants of electric capacity have “put dozens of projects at risk.”

Reuters reports:

“So far this year, projects off Britain, the Netherlands and Norway have been delayed or shelved due to rising costs and supply chain restraints, while Britain's renewable energy auction this month failed to attract any bids from offshore wind developers, also because of high industry costs.”

The European Union consequently cannot meet its 2030 objectives for power sources to replace the fossil fuel and nuclear-powered electricity it is giving up—objectives which are 420 GW of wind power including 103 GW of offshore wind.

Moreover, the wind turbine industry has had to revise the operating lifetimes of the big turbines down to as low as 10 years (in the case of Siemens Gamesa turbines) upon seeing how quickly their subsystems break.

At the same time, though not dealt with in this article, the same large wind turbine firms have found they can't complete their projects on the U.S. Northeast coast, without demanding more time and much more subsidy money from the Biden Administration and the agencies with which they have contracted.