

Business Briefs

Corporate

U.S. Firms Are Cutting Worker Pension Benefits

An increasing number of U.S. firms, including IBM, Kmart, Lucent, Ameritech, Dow Chemical, Duke Energy, and Motorola, are slashing employee pension benefit accounts, some by up to 50%, the July 17 *Wall Street Journal* reported. Often, the worker is only dimly aware of the change, because the company sends out an announcement in language which is deliberately deceptive.

Many companies are adjusting the formula upon which a pension is based. David Finlay, an engineer who works for IBM, for example, said that he will retire in ten years with an annual pension of \$57,700, as opposed to the \$71,200 he would have earned before IBM "revised" its retirement plan in 1995.

Companies are using the pension money to boost profits. For example, in 1996, Kmart froze its pension plan, and it became "overfunded" by \$63 million, which it added to its bottom line in 1998. Companies are allowed to apply any amount of their overfunding of their pension plan, to their earnings.

Energy

Russia To Double Use of Nuclear

In May, the Russian government approved a massive 30-year nuclear-energy program, Russia's Minister for Nuclear Energy Yevgeni Adamov confirmed in an interview with the German radio station Deutschlandfunk on July 24. During the first five years, the effort will focus on a complete overhaul of existing power plants, and then Russia will build 30 new nuclear power plants of different types. Adamov said that Russia is ready to cooperate with Western producers such as Siemens and Framatome.

Adamov said that because of the Social Democratic-Green coalition in Germany and the sentiment against building nuclear plants in the West, exporting electricity to the West, in particular to Germany, could be

an option to help finance the program. Russia is also negotiating with several European and Asian nations, including Germany, Switzerland, Spain, South Korea, and Taiwan, to build a nuclear-waste depository in Russia that would be open for nuclear waste from abroad. Adamov said that Russia is doing in 30 years what France had done in 20, that is, to increase the share of nuclear power in overall power production from 14% to 33%.

Die Welt commented that this is "the most ambitious and extended nuclear program" that Russia has ever undertaken. In addition to the construction of large, traditional nuclear plants, Russia is also working on new types of power plants. When Vladimir Putin was in China on July 17-19, he signed an agreement for the joint development of a 60 megawatt nuclear reactor based on fast neutrons. Also, Russia has just completed its first floating nuclear plant, which could be shipped to the Arctic regions.

Oil

Speculators Driving Up Prices, Says OPEC

Members of the Organization of Petroleum Exporting Countries are increasingly focusing on speculators as the cause of volatility in oil prices. In mid-July, Libyan Secretary of the National Oil Corp. Abdalla Salem El-Badri and Venezuelan Energy and Mines Minister Ali Rodríguez Araque charged that "continuous daily speculation in the futures market is the cause of the current volatility in the international oil market," in a press release issued following their meeting in Tripoli, according to OPEC's news agency OPECNA. They said that "the hike in oil prices was not the result of market fundamentals."

In the final statement coming out of their meeting in Vienna on June 21, OPEC members stated that "the conference stressed that the current high level of crude prices was not due solely to market fundamentals, crude oil stock levels remaining adequate, but was also the consequence of market speculation, whilst higher product prices were, in part, the result of new environmental regulations

applicable in the U.S.A., where the legislative introduction of reformulated gasoline has resulted in supply bottlenecks for consumers."

Meanwhile, a Reuters wire printed in the Arabic press, cites OPEC officials expressing concern that "derivatives traders" might be playing a major role in price fluctuations. These sources say that speculators are manipulating the new OPEC mechanism, whereby OPEC members increase their output when the prices exceed the \$30 per barrel limit and reduce the output when the prices go below a specified limit.

Philippines

'It's the IMF-World Bank, Stupid!' Says Journalist

Journalist Herman Tiu Laurel incisively located the major reason why the Philippines economy is dying: "It's the International Monetary Fund-World Bank, Stupid!" he writes in the July 28 *Manila Times*. The assessment came as Philippines President Joseph Estrada, in his July 24 State of the Nation address, warned of a "new Asian currency contagion," but called for a "radical restructuring" of the economy "to put the country squarely on the path of the information superhighway," and other free-market reforms.

Former Philippines President Diosdado Macapagal's "acquiescence to the IMF's 'structural program' in 1962" started the problem, Laurel writes. Every President since, has significantly increased the country's foreign debt, which "is the single most loathsome legacy from all past Presidents and continued by Estrada, on the Filipino people."

Laurel insists, "No future national leader can escape this debilitating burden, unless one comes along ready to take it by the horns and wrestle it down with currency, capital, and import controls." In sharp contrast to Estrada's lament that the "sunset industries" are the nation's burden, Laurel writes, "The other legacy weighing down the Filipino [people] is the 'de-industrialization' as a result of 'decontrol' or 'liberalization,' i.e., the gradual and progressive obliteration of our

capacity for domestic manufacture.” This fact, he argues, “because of the value-added capacity of manufacturing to enhance the economy,” has turned the country back into “an exporter of raw materials or reprocessor of processed imported raw materials. The incipient industrialization in the 1950s is now only a memory.”

Laurel concludes, “If all of [the impotent naysayers] would learn to shut up and stop blaming each other and just agree on pointing at the real culprit, then they’d cease being the wimps that they are. . . . It’s the IMF-WB, stupid! The exploitative financial global system the Anglo-Americans have imposed. Only countries [whose leaders] have addressed this root cause, such as [Malaysian Prime Minister] Mahathir, have escaped its ravages. We have yet to see any Filipino leader come up to the standard of Mahathir.”

Central Asia

Russia Offers Proposals on Caspian Sea Disputes

Russia is suggesting that the countries that ring the Caspian Sea (Russia, Kazakstan, Turkmenistan, Azerbaijan, and Iran) set up a permanent five-party committee to solve the problems relating to the condition and use of the Caspian Sea. The offer was made during the recent visit of Russia’s Deputy Foreign Minister and Presidential envoy for Caspian Sea status issues, Viktor Kalyuzhny, to Kazakstan, Azerbaijan, and Turkmenistan.

On July 28, the Paris daily *Le Monde* commented that Russia “is trying once again to reestablish its dominant role in Central Asia,” and is beginning to gain the upper hand in the “oil and geostrategic ‘Great Game’ with the United States, for control of the energy resources of the Caspian Sea.”

Vincent Fourniau, director of the French Institute for Central Asian Studies in Tashkent, Uzbekistan, is quoted: “It seems that the United States has, for the moment, lost the game for control over the gas and oil of the Caspian.” Russia recently signed an agreement with Kazakstan for quota increases for export of Kazak oil through its pipelines, which is seen as a blow to the U.S.-

backed Baku-Ceyhan pipeline. In June, Royal Dutch Shell and its American collaborators pulled out of the Trans-Caspian natural gas pipeline, for transporting natural gas from Turkmenistan to Turkey via Azerbaijan. Turkmenistan had announced in May that it would double deliveries of gas to Russia.

Space

Zvezda Docking Moves Space Station Forward

The successful docking of the Russian Service Module Zvezda with the International Space Station (ISS) on July 25, doubled the mass of the station, and now clears the way for missions to outfit the facility and send the first long-duration expedition crew. Zvezda will provide initial living quarters for expedition crews, electric power, propulsion to keep the station in a proper orbit, docking ports, and communications, navigation, and control capabilities.

On Aug. 6, Russia will launch an unmanned Progress vehicle to deliver fuel and supplies to the station. Progress will dock automatically, and will await the arrival of a Shuttle crew, which includes two cosmonauts, who will launch on Sept. 8. That crew will unload the supplies from Progress and equipment from the Shuttle, and check out all of the systems on the newly expanded station.

About a month later, another Shuttle mission will deliver a metal framework, or truss, to the station, which will be used to support large solar arrays to supply additional power to the ISS. The first expedition crew will launch on a Russian Soyuz vehicle about the end of October, with the plan to spend four months on the orbiting facility. By early next year, the U.S. Destiny module, which will be the first dedicated science laboratory, will be launched to the ISS, and an ambitious scientific research program will begin.

At a briefing at the Kennedy Space Center in Florida, scientists outlined the research in tissue culturing, growing plants in space, materials processing in microgravity, as well as Earth science, that will be carried out on the station.

IRAN is scheduled to sign a contract with a foreign firm to develop the fourth and fifth stages of South Pars Gas-Field soon, the Oil Ministry announced on July 23. The Iranian News Agency commented that Italy’s ENI is the firm. The Arabic daily *Al-Hayat* reported that the contract is worth \$4.3 billion, the biggest to be awarded to a Western firm since the Iranian Revolution in 1979.

KENYAN Manufactures Association chairman K.S. Bedi called for nuclear power to ensure a sufficient electricity supply for industry. “South Africa has 14 nuclear power generating plants, which produce 19,000 megawatts, while we are struggling to get 800 megawatts,” he said. Kenyan industrialists cannot compete, because the cost of power is too high. “We are buying a unit of electricity for 10¢, while manufacturers in Egypt are paying only 2.5¢.”

K-MART announced in July that it plans to lay off 5,000 workers and close 72 stores. The U.S. chain, which put many independent local shopkeepers around the country out of business, is itself being driven into trouble by the Wal-Mart chain.

IRRADIATED hamburger patties went on sale two months ago in Minnesota and sales have spread to 1,000 supermarkets in several states, despite anti-nuclear protests. Sales are surpassing expectations of retailers and producers, the *Minneapolis Star Tribune* reported on July 29. Irradiation eliminates 99.9% of food-borne pathogens, including salmonella and *E. coli*.

THE LONDON *Economist* says: Shut down U.S. dams. A heated fight is occurring in the United States over the future of its more than 2 million dams, of which 5,500 are at least 50 feet high. Since 1999, two dozen dams have been destroyed, and another 18 are scheduled to be torn down this year. Four major dams have been targeted on the Snake River. Says the *Economist*, “It seems obvious that the dams should go.”