
Business Briefs

Agriculture

Prisoners To Replace Migrant Farm Laborers

Colorado's Democratic legislature last year imposed the nation's most stringent anti-immigrant laws, including one that penalizes employers who hire undocumented workers. So, farmers dependent on migrant laborers found their unpicked crops rotting in the fields.

To try to avoid that this year, the state plans to replace the migrant workers with prison inmates. Reports of the wages the inmates will earn vary from "about minimum wage" to "a few dollars a day." The *Los Angeles Times* reports "60 cents a day."

The plan is being billed as a way to reduce recidivism and give inmates job skills. In its Feb. 28 "Benefits of Inmate Farm Labor" editorial, the *Denver Post* quoted Steve Smith, agriculture manager for Colorado Correctional Industries, who said regular labor shifts mean the inmates have less time and incentive to get into trouble while in prison. "We want to send them home tired," he said.

CCI, whose motto is "We Build Opportunity," says that it saves Colorado taxpayers \$6 million a year "in supervision and programming costs." Supervision for the 4,500 "low-risk" inmates eligible to "volunteer" will include armed guards.

Automotive Sector

10,000 U.S. Jobs Being Destroyed a Month

Official statistics now say that the United States' auto sector is shrinking at 10% a year. According to the Bureau of Labor Statistics, employment in the U.S. auto sector has sunk down to the 1 million mark as of January, from 1.34 million in January 2000, a drop of 25%. But in the last year alone, since January 2006, it has dropped 9.5%. This drop is still accelerating. In the past few months, the shrinkage has been by 10,000 jobs a month.

Chrysler on Feb. 28 announced a buyout

offer to 50,000 unionized production workers in the United States. Supposedly, this is to get 9,000 to quit in 2007 at plants targeted to be closed; but as with the Ford, Delphi, and GM buyouts, many more than 9,000 are likely to be washed out, and some replaced with temporary hires, unless the company goes under in the meanwhile. The buyout is less "generous" than GM's or Ford's—up to \$100,000 for workers far from retirement, who give up their benefits; very small incentives for early quitting for those near retirement.

Chrysler is cutting North American production by 400,000 vehicles, about 20%, from 2006.

Delphi's two plants in Anderson, Indiana are closing in June. Of the nearly 300 workers remaining, who are second-tier, low-wage replacements hired in 2006, about 60 will be able to transfer to Kokomo, Ind. plants for now. The rest will be laid off permanently. A worker involved in tearing the plants down says that 25% of the machinery and tools has been shipped out to Kokomo, Mexico, and Michigan; 25% of it has been auctioned off on *DoveBid.com*.

Delphi lost \$5.5 billion in 2006, of which \$4.3 billion was spent on shrinkage: \$3.4 billion on worker buyouts, and \$900 million on closed plant writedowns.

Nuclear

Russia, Namibia Join For Uranium Mining

Russian nuclear agency head Sergei Kiriyenko told reporters in Namibia, after a recent meeting with President Hifikepunye Pohamba, that the Russian enterprise, Renova, had won a tender to develop two uranium deposits in the African country. "We agreed to found a joint venture to prospect and produce uranium," Kiriyenko said. He also stated that Russia "is present on all continents in the sphere of atomic energy, but we had left out Africa." Not any more. Kiriyenko also announced uranium and nuclear deals in South Africa, before arriving in Namibia.

Kiriyenko announced that Russia is

"ready to build" a floating nuclear power plant for Namibia. Prime Minister Nahas Angula said that his nation and Russia are discussing the use of Russian nuclear technology; Namibia expects a reduction in energy supplies from South Africa, and could have a 300 megawatt deficit in the next three years.

Housing Collapse

New U.S. Home Sales Take a Plunge

In January, new U.S. home sales fell to an annual rate of 937,000, a drop of 16.6% compared to a level of 1.123 million in December 2006, the Commerce Department reported on Feb. 28. The consensus of economists had been that the fall for this period would be only 3.6%. On a regional basis, comparing levels of January 2007 to December 2006, new home sales fell 37.4% in the West, and 18.7% in the Northeast.

Even more dramatic was the year-on-year collapse. New home sales in January 2007, compared to January 2006, on a national basis, had fallen by 20.1%.

In January 2007, the inventory of unsold homes rose to 6.8 months' worth. This provoked Stephen Stanley, chief economist at RBS Greenwich Capital in Greenwich, Connecticut, to write to his clients, "The inventory situation is undoubtedly worse than reported. . . . Builders will probably have to continue to work off bloated stocks of finished homes for most of 2007."

There is equally dramatic news in the mortgage market. As reported by the *Wall Street Journal* on March 2, the nation's largest home mortgage lender has declared that delinquencies are now rising on both prime and subprime mortgages. Countrywide Financial Corp reports that payments are now late for 2.9% of prime borrowers, up from 0.8% two years ago. But 19% of subprime loans are now delinquent, up from 11% two years ago. While most of the attention has been on subprime loans, the *Journal* reports, "some analysts fret the damage is starting to creep up the credit spectrum."