

Business Briefs

Fiscal Deficits

Key Alabama County Faces Bankruptcy

Jefferson County, Alabama, the state's most populous, and home to the city of Birmingham, is edging toward bankruptcy filing on its \$4.6 billion debt. Central to the county's debt burden is how JP MorganChase and other Wall Street outfits engaged the county in some 18 derivative instruments, relative to financing its sewer system. Auction-rate bonds were used, which involved the resetting of interest rates, which the county now cannot pay. Interest costs are headed to \$250 million, nearly twice the \$138 million the system produces in revenue.

On April 7 and 8, Jefferson County financial advisors were in Washington, D.C., meeting with Administration and Congressional officials, in hopes of finding a solution without having to declare bankruptcy. There are also frantic initiatives in the legislature, including measures to shove aside the County Commissioners and impose huge sewer rate increases.

Lyndon LaRouche, on April 10, advised Alabama leaders to see to it that a hearing is held on the question: Did JP MorganChase commit fraud?

Mortgage Disaster

FHA Has Been Pushed to Brink of Insolvency

Collapsing mortgage loans from the Greenspan mortgage bubble "have pushed the FHA [Federal Housing Administration] to the brink of insolvency," the U.S. Senate was told by George W. Bush's resigning Secretary of Housing and Urban Development, Alphonso Jackson, on April 9. The FHA, which was established by President Franklin Roosevelt, will need a taxpayer subsidy of at least \$1.4 billion in the next fiscal year, to compensate for losses which may grow much greater, Jackson said.

The Jackson report was particularly bad news for those in Congress—such as

Rep. Barney "Bailout" Frank (D-Mass.)—who were claiming that the FHA could provide the liquidity to "save mortgages."

The only sane solution is LaRouche's Homeowners and Bank Protection Act, modelled on the Roosevelt legislation that pulled the United States out of the Great Depression.

Ethanol

Land-Grab at Chernobyl To Grow Biofuel Crops

The May issue of *Ethanol Producer* magazine features the multi-billion-dollar plan of Greenfield Project Management Ltd., based in Dublin, to grow crops for ethanol on the now-unused lands around the Chernobyl nuclear plant in Ukraine. Greenfield has already put \$12.6 million into the project, in partnership with the nation of Belarus, and plans to put in another \$120 million this year. The company is building two ethanol refineries in Belarus, with the aim of exporting the biofuels to Europe, so that European nations can meet their EU-imposed quota of having biofuels constitute 10% of their fuels by 2020. Now, some European nations import ethanol from Brazil.

"With the right kinds of crops, technology, safety systems and processing, pure fuel ethanol can be safely produced from the nuclear zone," Basil Miller, Greenfield's chief communications officer, told *Ethanol Producer*. The company is promoting its land-grab—the 70,000-square-mile territory involved is larger than the state of Iowa—as a "humanitarian venture." Greenfield says that the ethanol crops will "remediate" the "highly contaminated" land.

Actually, the radioactivity in much of the area is near that of natural radioactivity in average soil—400 kilobecquerels per square mile (1 bequerel = 1 event of radiation emission per second). In some regions of the world, the natural radioactivity in the soil is ten times higher than this average.

Greenfield aims to invest a total of \$345 billion in the project, according to *Ethanol Producer*.

Speculation

Food-Price Rise a 'Crime Against Humanity'

Dr. Sajjad Zohir of the Dhaka Economic Research Group in Bangladesh told the BBC April 10: "I would call the price changes, which followed the high price of oil, a crime against humanity.... A country like Bangladesh, which imports both food and oil, is on the losing side...."

Bangladesh is in a food crisis, and the Bangladesh Rifles, the military unit that normally guards the border, is now running the government program that sells subsidized rice to the population.

The BBC reported that those lining up to buy the rice are not only poor laborers, but also government workers, security guards, and teachers, who can no longer afford rice, at costs that have doubled in the last year, to about 60 cents per kilo (2.2 pounds). Most Bangladeshis now spend half their income on food, the BBC reported, and many have stopped eating any meat, fish, or eggs.

Speaking in Brasilia, José Graziano, the United Nations Food and Agriculture Organization (FAO) regional representative for Latin America and the Caribbean, blamed speculators for the skyrocketing prices. The food "crisis is a speculative attack and it will last," he said. "The lack of confidence in the dollar has led investment funds to look for higher returns in commodities... first metals and then foods."

Outsourcing

Globalization Leads to Unsafe Airplanes

The U.S. Federal Aviation Administration (FAA) on April 8 ordered American Airlines to ground its 300 Boeing MD-80 aircraft, as a result of a follow-up safety inspection audit that was conducted to check on the work ordered by the FAA after a prior inspection had found several instances of unsatisfactory repairs. As a result, American Airlines had to cancel 2,500 flights.

Blame globalization for the safety gaps:

Briefly

The airline industry has outsourced its maintenance and repair activities, in a fool's attempt to cut costs. Foreign and domestic outsourced repair shops now handle two-thirds of all maintenance for American carriers, up from 30% in 1997, according to the U.S. Transportation Department.

Most of the outsourcing takes place in low-pay, low-skill areas of the globe, such as El Salvador. *Business Week* reported on a company called Aeroman, which has a shop in El Salvador where the mechanics are paid about \$4,500 a year. Aeroman is owned by Montreal's ACE Aviation Holdings, parent company of Air Canada, and by two U.S. private equity firms, KKR Private Equity Investors and Sageview, which was founded by two former KKR executives.

"Overseas outsourcing has gotten truly out of control, and we've been very, very lucky that we haven't lost any airplanes," said Steve MacFarlane, head of the union that represents mechanics at Alaska Airlines, Southwest, and U.S. Airways.

Lyndon LaRouche commented, "This is a total swindle.... They are doing shlock jobs and then attaching some brand name to it, so the airlines can act like they really did maintenance. But it remains a shlock job"

Free Trade Accord

Proposed Colombia Deal: All Dope and No Food

The dope in the White House, George Bush, sent a proposed Free Trade Accord with Colombia to the U.S. Congress on April 7, for "fast track" approval within 90 days, in the name of defending U.S. "national security."

Only a dope could call expanding the drug trade a defense of U.S. national security. Eliminating protective tariffs will wipe out Colombia's remaining food-crop farmers, turning them over to the drug mafia—which already calls the shots, by and large, in Colombia's economy.

Colombia is potentially an agricultural giant, but for 40 years, the land under cultivation has never surpassed 4 of its 20 million hectares of arable land, not counting land which irrigation projects could open up

for cultivation.

Under the 1990-94 drug-mob-controlled government of César Gaviria, a million hectares were taken out of agricultural production, and Gaviria's takedown of protective tariffs made growing coca and poppies the only profitable "farming" possible. Land used for food fell to 3 million hectares, from which it never recovered.

Now, even that remaining land is being converted into plantations (like those of the former U.S. South, slaves and all), to grow African palm and sugar cane to produce biofuels.

Banking

IMF Joins Chorus To Bail Out the Banks

Just ahead of the Spring meetings of the G-7 finance ministers, International Monetary Fund, and World Bank in Washington, D.C., the IMF has joined the imperial chorus calling for Western governments, and the United States in particular, to bail out their banks.

IMF Managing Director Dominique Strauss-Kahn has recently made public statements in favor of such a bailout, and the IMF's *Global Financial Stability Report* and its *World Economic Outlook*, issued April 8 and 9, respectively, support that point, by pushing the lie that the global financial crisis was caused by a combination of a U.S. housing crisis and "profound errors in risk management among its leading financial institutions." This U.S. problem, the IMF maintains, is dragging the rest of the world down—an argument which implicitly supports a bailout.

How to sell this bailout to the public will be one of the top items discussed at the meetings of bankers and finance ministers.

Trying to protect a dead financial system and its make-believe paper assets is not only foolish, it is suicidal. The U.S. government must put this financial system through bankruptcy proceedings, via Lyndon LaRouche's Homeowners and Bank Protection Act. The bankers have no solution: When the solution begins with a flea dip, you can't trust the fleas to design the plan.

THE CITY COUNCIL of East St. Louis, Ill., passed a resolution April 10 calling for the U.S. Congress to enact the LaRouche-proposed Homeowners and Bank Protection Act. This brings the number of cities that have passed similar resolutions to more than 85 nationally.

LAROCHE'S CITIZENS Electoral Council has been going after the Macquarie Bank in Australia, the dominant financial group for the privatized "infrastructure" investment schemes à la Mussolini. Now another bombshell has hit the bank: A RiskMetrics report has exposed the bank's high risk status.

GERMANY'S power industry, banned from future nuclear development in its own country, is now making a bid for the British nuclear market. E.on, Germany's largest power producer, is vying for a majority of British Nuclear Fuels; and RWE, Germany's second-largest power producer, plans to take over British Energy. In addition, France's Areva nuclear company is bidding on building Britain's planned new nuclear plants.

CHINA'S National Development and Reform Commission is interested in buying German magnetic levitation technology, reported Deutsche Presse Agentur on April 9. The technology would be expensive, a Chinese rail official said, but China wants to use it to produce maglev trains, and eventually export them. The city of Munich just rejected a proposal to build a maglev connection from the city to the airport.

THE PRIME MINISTERS of Mongolia and Russia met April 11 in Moscow, to discuss economic cooperation to develop nuclear energy, rail projects, and the development of Mongolia's mineral resources, including uranium. Russia may build a small or medium-sized nuclear power plant for Mongolia, Russia's top nuclear official said, and will be involved in training personnel for its operation.