
Business Briefs

Currency

China Lectures Paulson On Dollar Collapse

Chen Deming, China's Vice Commerce Minister, said that the falling dollar had pushed up the cost of imported resources and was a destabilizing factor for the world economy. Speaking on Dec. 12 at the opening of the twice-yearly meeting between government ministers from the United States and China, Chen said, "What I'm worried about is the weakening dollar and its potential impact on global growth." U.S. Treasury Secretary Henry Paulson was leading the U.S. delegation.

Both Chen and Vice Premier Wu Yi earlier had warned Paulson that passing any of the anti-China bills now in the Congress would harm relations.

Zhou Xiaochuan, the governor of the People's Bank of China, added, "For China, what we worry about more is that a very accommodative U.S. monetary policy could give rise to a new burst of excess liquidity in global markets."

Banking

Stumbling UBS Receives Top Financial Award

The troubled Union Bank of Switzerland, UBS, was awarded the title of "Financial Adviser of the Year" by the *Financial Times* and Merger Market M&A Awards. This, despite the fact that the bank is now under scrutiny by regulators on suspicion that it did not reveal its real situation.

Some think the venerable Swiss bank may soon have to change its name to "Under Bankruptcy Surveillance."

As of Dec. 13, UBS stocks were dropping rapidly, as investors and experts expressed their suspicions that the bank had not really revealed its situation when it announced it was recapitalizing with an additional 19.4 billion Swiss francs (about \$17 billion). In the wake of the announced recapitalization, the Swiss financial institution Helvea reduced the rating of UBS, saying that "the excessive increase of its UBS capi-

tal presages new depreciations and was therefore not an act of prudence on the part of the bank."

UBS has tried to calm the waves with news that it has secured \$11-12 billion in new capital from the Singapore sovereign wealth fund and another, undisclosed, Middle East investor.

Budget Cuts

Heating Costs Soar, But Bush Vetoes Aid

The U.S. Department of Energy's Energy Information Agency said on Dec. 12 that the heating cost for the average U.S. household will be \$986 this Winter, an increase of 10.9% over last Winter's costs. As a result, more low-income and elderly people are applying for help from the Low Income Home Energy Assistance Program (LIHEAP), a Federal program. However, President "Leave No Citizen Warm" Bush vetoed the LIHEAP bill presented to him by a bipartisan vote in both houses of Congress.

To illustrate the crisis, *USA Today* quoted Melody Rodriguez of Central Missouri Community Action saying, "We've turned into a crisis center." She said that so far this year, 569 people have applied for assistance, as opposed to 159 last year at this time. Others are turning to wood stoves, or simply going cold, she said.

Commerce

Schröder Calls for More Trade With Russia

At a Dec. 10 speech in New York City, former German Chancellor Gerhard Schröder of the Social Democratic Party, called on the United States and Europe to make Russia a partner in all aspects of their foreign policy, especially economic cooperation.

Schröder, now chairman of the supervisory board of Nord Stream AG, a consortium with Russia's Gazprom, outlined his company's ambitious gas pipeline program, which is being built to pump Russian natural gas to Germany under the Baltic Sea. This ambi-

tious project is being developed by Russia's state-controlled gas giant Gazprom, and Germany's E.ON and BASF, at an estimated cost of \$12 billion.

"Europe currently consumes 500 billion cubic meters of gas [per year] and will require another 200 billion by 2015," Schröder said. "The Nord Stream pipeline will be able to ensure the transportation of 55 billion cubic meters." He said these figures suggest that the gas pipeline under the Baltic does not aim to compete with existing transit routes via Ukraine or the Baltic countries.

Inflation

U.S. Producer Prices Rise 3.2% in November

The hyperinflation being created by money-pumping from the world's central banks was reflected in the figures released on Dec. 12 by the U.S. Labor Department. Producer prices showed a gain of 3.2%, more than twice as much as the "experts" had predicted. This increase represents the fastest pace in 34 years. While the Labor Department noted the role of surging costs of fuel in pushing up the prices, they failed to mention the hundreds of billions of dollars being released into the financial system, in order to prevent the reality of the systemic collapse from becoming visible.

Transport

Truckers' Strike Paralyzes Italy

A truckers' strike paralyzed Italy for three days, Dec. 10-12, as the underpaid drivers protested against high costs, and the effects of competition from lower-paid eastern Europe truckers. The strike paralyzed deliveries nationwide, since 85% of all internal commerce is carried by truck.

The strike was widely considered a political move against the Prodi government, since the most aggressive truckers' union is led by a parliamentary member of the party of former (right-wing) Prime Minister Silvio Berlusconi.