

International Business News

Britain orders bank bonuses, management probe

AFP, London

Britain is to conduct a review of bank management that will probe the link between bonuses and excessive risk-taking, Finance Minister Alistair Darling said in comments published Sunday.

Prime Minister Gordon Brown's government has launched two rounds of bank bailouts worth hundreds of billions of pounds which has seen the state take big stakes in high street names like Royal Bank of Scotland (RBS).

But the prospect of banks which have been propped up by the state handing hefty bonuses to executives and traders has provoked fury.

The Sunday Telegraph newspaper reported that RBS wanted to pay its staff nearly one billion pounds (1.48 billion dollars, 1.14 billion euros) in bonuses this year.

"The City bankers who ruined their banks but have been kept in employment by the taxpayer now demand we pay them their bonuses to maintain the aristocratic lifestyle to which they have become accustomed," Vince Cable, finance spokesman for the centre-left opposition Liberal Democrats, wrote in the Mail on Sunday.

"They know no shame and take no blame. They are lucky the British have no guillotines in stock."

Darling is expected to announce full details of the probe on Monday but wrote in the Sunday Telegraph that he was "setting up an independent review which will examine how banks are managed".

UBS set to announce historic loss

AFP, Zurich

Switzerland's largest bank, UBS, is expected to announce the biggest loss in the country's history when it releases Tuesday its results for 2008, a year that saw the national icon tarnished by the subprime crisis.

But if there is a silver lining for the bank, which has been the target of a huge state rescue package, it lies in the fact that analysts say UBS has now hit bottom after its stock price fell 82 percent since the summer of 2007.

For that reason, the loss of nearly 20 billion Swiss francs (13.3 billion euros, 17.2 billion dollars) the bank is expected to announce for 2008 on Tuesday should not surprise markets, analysts say.

"The bank has already publicised its problems to a large degree and the fall in the stock price should not be so large," said a trader in Zurich.

Last November, UBS posted a net profit of 296 million Swiss francs for the third quarter following a year of losses, but warned that a renewed loss was looming for the following quarter.

The numbers expected to be unveiled Tuesday are staggering, reflecting the fact that UBS was one of the banks hardest hit by the US subprime loan crisis.



AFP

Migrant workers attend a free one-month course to become a nanny provided by a maternity services provider in Chengdu, capital of China's southwest Sichuan province recently. In Chengdu, authorities are handing out 11 million dollars to various organisations to provide free skills training to jobless peasants, many of them illiterate where here, the hardy peasant women are taught to forget the rough upbringing of the villages and instructed in the finer points of subjects like baby massage.

Japan minister suggests additional stimulus plan

AFP, Tokyo

Japan's economy minister Kaoru Yosano said Sunday the government may consider offering an extra economic stimulus package if the economy deteriorates further.

"I think that would be a wise move," Yosano told the private broadcaster TV Asahi, when asked whether the government was ready to offer additional stimulus packages if Japan's economic growth for the fourth quarter to December turns out to be bad.

Figures for Japan's gross domestic product (GDP) for the October-December quarter are set to be announced on February 16.

Prime Minister Taro Aso in December announced a stimulus package worth 23 trillion yen (253 billion dollars), in addition to a 26.9 trillion yen package unveiled in October.

The latest stimulus package, included in the budget plan for the fiscal year starting April, is currently being debated by parliament.

Gulf economic growth to slow to 3.5pc: IMF

AFP, Dubai

Economic growth in Arab states of the Gulf is likely to slow to 3.5 percent this year as oil revenues plummet due to a worsening global outlook, the International Monetary Fund said on Sunday.

"For the oil exporters, the decline in oil prices and OPEC production cuts are projected to reduce oil export receipts by almost 50 percent in 2009," Masood Ahmed, director of IMF's Middle East and Central Asia Department, said in a statement after a presentation in Dubai.

"This implies a loss of government revenue to the tune of 300 billion dollars compared to 2008," he said.

However, increased government spending could help bolster the Gulf region's economies, which are estimated to have grown by 6.8 percent in 2008, Ahmad said.

He said the size of the slowdown would also depend on the extent of the crisis in the United States and Europe.

GLOBAL RECESSION

Economic nationalism weighs in

AFP, London

The global slowdown risks sparking violence and bolstering far-right parties, as manual workers turn against cheaper foreign counterparts, analysts and unions warn.

From energy plants in snow-covered Britain to the sweltering construction sites of the Emirates or factories and shops in Malaysia, workers from abroad are increasingly finding their presence under threat.

When the workforce at a British oil refinery walked out last month in protest at the use of Italian and Portuguese contract workers, it fired a warning to European bosses of heated disputes to come.

The wildcat strike at the Lindsey plant in Lincolnshire, eastern England, spread to 20 other oil and gas facilities and was only defused when a compromise deal was reached to give half the 198 jobs to British workers.

Unions voiced fears that organisations with a racist agenda were trying to hijack the protest to stir up feelings against the "imported" labour, as building projects are scrapped and jobs become scarcer.

"We're deeply concerned that other organisations are trying to latch themselves onto the dispute for their own reasons," said Derek Simpson, leader of the giant Unite union, who identified the anti-immigrant British National Party (BNP) as a particular concern.

Portuguese workers at the refinery were flown home amid fears for their safety, with some complaining that they had experienced racism from their British counterparts.

The refinery row prompted Britain's Business Secretary Peter Mandelson, the former European Union (EU) trade commissioner, to urge politicians and unions to focus on the economic issues, not "the politics of xenophobia".

The EU, with increasingly free movement of workers between its 27 member states but rapidly slowing economies, is fertile ground for rising resentment against foreigners willing to work for lower wages than local staff.

French historian Patrick Weil said the dispute in Britain could soon be played out in France.

"We could see the same sort of reaction in the months to come if European service companies bring over workers from other countries to carry out work," he told AFP.

Extreme-right groups have historically found support in areas of high unemployment and economic depression, turning the frustration of local workers into hostility against immigrants and even attacks.

Fascism took hold in 1930s Europe at the height of the Great Depression.

Klaus Doerre, a sociologist at Jena University in eastern Germany, said it was up to the mainstream political parties to prevent the far-right from capitalising on the issue of foreign labour.

"High unemployment does not automatically lead to right-wing extremism," Doerre said in an interview with AFP.

"But if the crisis lasts a long time and if unemployment increases strongly ... then there will obviously be a credibility gap (between voters and the traditional political parties) and the question will be whether this frustration can be exploited, either by the extreme-left or the extreme-right."

In Asia, countries with huge foreign workforces are seeking to give jobs back to the locals.

Malaysia has slapped a ban on new hirings of foreign workers in factories, stores and restaurants due to fears the economic crisis will lead to mass unemployment for locals.

The oil-rich Gulf states are serviced by 13 million foreign workers but their governments have also long since adopted policies to encourage the employment of nationals at the expense of foreigners.

In the United States, sentiment is hardening against an influx of skilled foreign labour as unemployment grows.

Anti-immigration and US workers groups have launched a television campaign in a bid to halt the entry of 1.5 million immigrants with H-1B visas, which are awarded to professional or skilled workers.

The Coalition for the Future American Worker (CFAW) says in the advert: "Last year 2.5 million Americans lost jobs... Yet with millions jobless, our government is still bringing in a million and a half foreign workers to take American jobs."

It concludes with the question: "Could your job be next?"

Doerre, the German sociologist, conceded that this was the fear driving hostility across the globe.

"There is a danger that the social classes who feel most affected, such as manual workers or manual workers with a specific skill, develop feelings of resentment towards immigrants," he said.

In France, where the leader of the right-wing Front National, Jean-Marie Le Pen was runner-up in the 2002 presidential elections, the economic woes have so far failed to ignite support for the party.

Francine Blanche, from France's CGT union, said: "There may be attempts by the far-right (to exploit the economic crisis) but for now, we haven't heard them, maybe it will come later."

She said unemployment among immigrants working legally in France was 22 percent and they face strong discrimination in hiring practices.

But conversely undocumented workers were unaffected by the economic crisis.

"They have no problem finding work. But it's a very particular part of the labour market. They are not taking work from anyone else... and they are doing badly paid jobs in which they have to be so flexible that they are not in competition with other employees," Blanche said.



British Business Secretary Peter Mandelson leaves 10 Downing Street in London after the weekly government cabinet meeting.

Legions turn to parties after layoffs

AP, New York

The bar was crowded with well-dressed professionals enjoying drinks and conversation, a typical evening - except that many of them had no job.

The event was a Wall Street Pink Slip Party, where the unemployed mix with recruiters and curious bystanders to network, look for work, and share their stories.

With employers shedding 600,000 more jobs in January, the undercurrent at this party in a Manhattan bar was decidedly glum.

"Wall Street, directly or indirectly, has ruined the best 10 years of my life," said Susan Lange, speaking of colleagues and friends she lost on Sept. 11, 2001, and the sense now, after being laid off from her job as an AIG training manager, that her world has again turned on its head.

"I'm devastated," the 39-year-old woman said.

Figures released Friday showed that the unemployment rate hit 7.6 in January, a month with more layoffs than at any other time since 1974.

Jobseekers are gathering in bars, delving into the business networking Web site LinkedIn, waiting in lines at city help centres, and even starting up hopeful conversations with prosperous-looking strangers on commuter trains - all in the hope of landing jobs in what seems to be a shrinking pool of opportunity.

"Places have hiring freezes. And they have cutbacks. And they have layoffs. There are a lot more people in the job market," said 32-year-old Ana Arrendell, who has been searching for work since August.

At first, she was looking only for a job in her field, graphic design. But as the months have gone by, Arrendell has lowered her expectations.

"Right now, I'll take anything," she said Friday as she left a New York City-run office that offers resume-writing assistance and interview training.



Phil Berent of New York, right, with a pink bracelet indicating he is looking for work, speaks with recruiter Kevin Johnson of Account Pros at the Wall Street Pink Slip Party at Public House New York on Wednesday. Berent, who is an expert in derivatives and has been working for himself for a year, attended the gathering to meet with recruiters.

Already having given up hope for a Wall Street job making \$80,000 per year right out of college, recent graduate David Gunther is getting creative as he tries to expand his business network.

The 23-year-old has begun hanging around commuter ferries and suburban trains, chatting up professional-looking types travelling to areas where executives live.

Recently, at an electronics concert - a wildly different atmosphere than at the career services office at his university - he talked to some fans who introduced him to an entertainment-industry manager. Now he's preparing for a job interview with the man.

Gunther isn't the only one looking for new ways to meet people. Among the groups using the networking service Meetup, the NYC Job Seekers & Career Strategy group has more than doubled in size to 454 people since September, with more than 95 joining since the first of the year.

Worldwide, Meetup has seen a boom in career-related groups; more than 2,000 were started in January, compared to about 500 a month over the summer, said spokesman Andres Glusman.

Chandlee Bryan, a resume writer and career coach who acts as facilitator for the New York

group, says she has seen it transform. Initially, people attending the meetings were pondering a career switch out of a desire for something new. Now, participants in talks on online networking and interviewing techniques are more often being forced into the hunt, either because they've been laid off or because they believe they might be.

Bryan says the meetings help people fight off the solitude that comes with being jobless.

"There's a great deal of isolation," she said. "That complicates the process and makes it harder, given that the majority of people find their

jobs through networking."

That's the point of the Wall Street Pink Slip Party - modelled after similar events held following the dot-com bust. Since the reincarnation was launched in November, the intensity at the parties is increasing, says organizer Rachel Pine.

The first event drew a mix of people, only a quarter of them laid off. By the Feb. 4 event, 85 to 90 percent of the 400 people were looking for work.

The scene at the bustling Public House bar on Wednesday night was varied, as men and women in a mix of suits and corporate casual wear - and pink glow-in-the-dark wristbands that marked them as jobseekers - homed in on recruiters wearing green wristbands.

Some were approaching their job search with equanimity, figuring they could rely on savings socked away during the flush years. Others seemed more desperate, counting their change after paying for the coat check. Some, drink in hand, sounded almost bitter about their personal economic downturn.

Andrea Bouwman recounted watching the Super Bowl with a growing sense of fire, as she saw the millions of dollars that her former employer PepsiCo had spent on advertising instead of salaries.

"They kind of compromised people for the actual advertising," said the former marketing manager, adding that since she got her pink slip she's been drinking only Coca-Cola.

Options are more limited back at the city employment centre in Brooklyn, where 43-year-old Desmond Moulton, who held jobs as a retail salesman, recounts months of dashed hopes.

Most recently he returned to the job placement centre, only to see a once-enthusiastic counsellor turn sombre as she studied his prospects.

"She clearly wanted to help me. She clearly wanted to have some good news to give me," he said. "But she had none."