# Business Briefs

*U.S. Labor*

## Contract settlements lowest in 15 years

The U.S. Bureau of Labor Statistics revealed Aug. 8 that collective bargaining contracts settled in the first six months of 1983 were the lowest for any six-month period in the past 15 years of reporting. Average wage adjustments were 0.9 percent for the first contract and 27 percent annually for the rest of the contracts, as opposed to 8.4 percent for the first year and 6.7 percent for the remainder of the contract the last time contracts were negotiated—only two to three years ago.

A full one-quarter of the 1.2 million workers covered by settlements in the January to June 1983 period took wage cuts. These included over 325,000 steel and construction workers, whose wage cuts averaged 6.3 percent. Another 300,000 workers will lose 0.6 percent of their wages for the duration of their contracts.

One-fifth of the workers unde new contracts will receive no specified change—i.e., increase for the duration of their contracts. Construction workers received the industry's smallest wage and compensation adjustments in 15 years—reflecting contracts that provided no wage increases, but raised employer contributions to benefit funds.

Only 550,000 workers were covered by Cost of Living adjustments—amounting to a 5.9 percent wage increase for the duration of the contract. But half the workers covered by COLA clauses took wage cuts of up to 2.7 percent for the first year of their contracts.

*U.S. Infrastructure*

## Subway collapse shows economic decay

A 50-ton steel and concrete ceiling collapsed 25 feet onto the mezzanine concourse of the Journal Square Transportation Center train terminal in Jersey City, New Jersey Aug. 8, killing two persons and injuring nine. This collapse occured one month after the Mianus highway bridge, which is part of Interstate System 95, collapsed outside of Greenwich, Connecticut, killing three people. If the bridge collapse had occurred at rush hour, and not at 3:00 a.m., hundreds might have died.

The two accidents underscore the fact that the U.S. economy is not recovering, but rather its infrastructure is collapsing at an accelerating rate, after four years of Paul Volcker's depression. The U.S. interstate highway system was built in the 1950s and 1960s, and was intended to last for 25 years. But only minimal maintenance work has been done in the 1980s, leading to the collapse of the system.

The roof of the train station in New Jersey, which is run by the Port Authority Trans Hudson (PATH) railroad, was built only eight years ago. It was inspected in April, and found to be sagging, but funds were not appropriated for its repair.

*Operation Juárez*

## Brazil joins 'integration drive'

Brazil's foreign ministry announced plans Aug. 10 to send a top-level government delegation to represent Brazil at the Sept. 5-9 OAS meeting in Caracas, Venezuela. The Ministry announced that Ibero-America's foreign debt would be the top item on the agenda and revealed "unofficially" that discussion at the summmit meeting would focus on how to achieve a common regional negotiating stance with their creditors.

The London *Financial Times* and the *Journal of Commerce* carried the story on their front pages Aug. 1, with the warning that Brazil appears to have "joined the mood" of the other debtor countries in seeking collective renegotiation of their debts.

Although the Brazilian government is cited "vehemently denying" plans to go with a debt moratorium and insisting that the Caracas meeting would not be the occasion for forming a "debtors' club," the tone of the U.S., British and Swiss press coverage was decidedly unconvinced. Exemplary is a note in *Newsweek* magazine of Aug. 8 which points to "an ominous meeting" about to be held in Caracas on the debt and cites a "Reagan administration official" warning that "the potential of the meeting is awesome."

"Brazil," notes the *Financial Times*, "is to participate next month in an unprecedented meeting of Latin American debtor countries, aimed at reaching an informal coordination of positions over the renegotiation of their $310 billion-plus external debt . . . the idea of a debtors' club has been aired increasingly over the past year . . . but the refusal [to join] up to now of Brazil . . . was always the stumbling block."

The French daily *Le Monde* reported that the OAS meeting will establish the "debtors' club," and that the entire continent has a policy of rejecting IMF conditionalities, and if the attempt is made to force countries to submit, the result will be that they will not pay their debts.

*Agriculture*

## Congress leaves wheat prices uncertain

United States wheat farmers face an uncertain situation in planning their 1984 wheat crops. A filibuster led by Sen. John Melcher (D-Mont.)
freeze target prices (see Congressional Closeup). Without any new legislation, option two of the 1984 wheat program announced by Agriculture Secretary Block July 29 will go into effect. However, if Congress passes new legislation in September, wheat prices for next year could change drastically.

Block's option two states that if the target price automatically escalates to $4.45 per bushel, there will be an acreage-reduction requirement of 30 percent, and, for farmers who divert additional land from planting, there will be a payment-in-kind program giving farmers 75 percent of what they would have grown in surplus grain.

The proposed legislation would have frozen the target price at $4.30 per bushel, with an acreage-reduction requirement of 25 percent and payment-in-kind program for farmers who diverted additional land. PIK compensation would have been 80 percent of the program yield.

Under Block's option, the national average loan and purchase rate will be $3.30

per bushel. The 1981 Food and Agriculture Act sets the loan rate at this level, because the season's average price for the 1983 crop is expected to be less than 105 percent of current loan rate.

*Ibero-American Debt*

## Venezuela: current debt renegotiation 'provisional'

The existing bilateral debt renegotiation arrangements which many Ibero-American countries have made with their creditors are "only provisional," Victor Giménez Landinez, Venezuela's ambassador to the Organization of American States (OAS), declared Aug. 10.

Giménez Landinez said that long-term solutions to the debt crisis are needed, and that such solutions would be the subject of the hemipsheric economic meeting to be sponsored by the OAS in Caracas on Sept. 5-9. The meeting will take place at ministerial level, Giménez Landinez stated, with or without the participation of the Reagan administration. His comments were almost simultaneous with Brazil's affirmation that it would attend as a full participant.

*Research and Development*

## Japan develops laser cable

A Japanese government laboratory has achieved the world's first successful development of a hollow optical fiber cable that could efficiently transmit a carbon dioxide gas laser beam infrared ray, according to Kyodo News Service. The new cable can be used in laser surgery, cutting, and other processing methods, with wide industrial application, researchers at the Ministry of International Trade and Indusry (MITI) stated Aug. 3.

Non-hollow, conventional optical fiber cable cannot efficiently transmit a gas laser beam infrared ray.

The new cable, with a quartz glass core, is based on an entirely different concept and structure than conventional cables, researchers stated. It could transmit laser beams over long distances without repeater, and with less than half the loss sustained by the most efficient current fiber-optics communication cables.

*Ibero-American Labor*

## Bolivian unions demands debt moratorium

The Bolivian central labor council, the COB, presented the government of Siles Zuazo with a specific program as the basis for its joining the government on the president's urging. Foremost among its demands are "a postponement on payment of the foreign debt to the international banks" until the Bolivian economy recovers sufficiently to make such payments feasible.

The 12-page document the COB presented to Siles Zuazo the second week of August declares that the government has only two options: "To submit to the dictates of the International Monetary Fund and to the pressures of the privileged economic groups, which are its allies and sustainers, or to undertake as a firm decision, co-government with the Bolivian Labor Council, formulating a new economic and social policy in defense of the national interests and in protection of its human capital." The document also urged a Bolivian "regional policy" based on economic integration, which was discussed at the July 24 Andean Pact summit in Caracas.

Siles Zuazo offered the COB 6 of 18 ministerial positions to resolve the economic and political crisis that is paralyzing the country. The COB is now prepared to give the government a "prudent" period of time to accept, negotiate or reject its proposals.

In Argentina, the two rival federations of the CGT labor central joined the week of Aug. 8, with the mediation of the Argentina church, to present the government with a unified petition for drastic alterations in its economic and wage policies. The labor federations asserted that if they do not receive an immediate and positive response from the governing junta on its demands, they will mobilize a national strike.

# Briefly

● **ARGENTINA** must end its "discriminatory practices" against the British banks and speed up repatriation of funds seized during the Malvinas War, or those banks will pull out of the recently arranged $1.5 billion loan package, according to the *London Guardian*. There is a risk that if the issue is forced, Argentina, which is "self-sufficient in oil and more economically resilient than Brazil" could declare a debt moratorium and pull the Ibero-American continent along with it. But the risk is worth taking, if the funds are to be recovered, the *Guardian* concludes.

● **SAO PAOLO's** Federation of Plastic Industries president denounced the increase in U.S. interest rates because of the effect on Brazil's economic crisis. Brazil has to pay $450 million more in interest alone with every one point rise in interest rates.

● **THOMAS REICHMANN,** the director of the IMF delegation to Brazil, told Globo network television Aug. 10 that because of delays in concluding an agreement with the IMF, the release of two scheduled loans that were to have been disbursed in May and August, will be delayed until October. Brazilian Finance Minister Galveas responded that "we are $2 billion behind in payments, but if we do not get any money we cannot pay."

● **ULYSSES GUIMARAES,** the president of Brazil's largest opposition party, the PMDB, announced Aug. 10 that his party proposes a moratorium on the foreign debt, direct presidential elections, end to emergency decrees, and an end to recessive economic policy to end the economic crisis. The PMDB president also said that he will propose to the party's executive that the PMDB challenge before the nation's supreme court the constitutionality of the existing accords with the IMF and the foreign banks.