Business Briefs

Ibero-American Debt

IMF reverses its approval for Agentina

The International Monetary Fund is delaying disbursement of a $330 million tranche of its standby loan to Argentina, because of that nation's non-compliance with terms of the original agreement.

Countering an evaluation made as recently as Aug. 15, an IMF technical delegation in Buenos Aires has determined that Argentina's trade balance this year will be well below the estimated $3.5 billion—more in the area of $2.4 billion; and that interest on $900 million in debt that just fell due is unpaid.

Finance Minister Jorge Wehbe had signed a loan agreement in New York in mid-August with 300 commercial banks for $1.5 million after the IMF board of directors held an emergency meeting to determine that Argentina was "in compliance" with the standby agreement.

Not only is the IMF denying the third tranche of the IMF agreement, but commercial banks are delaying the disbursement of the $500 million first tranche of the $1.5 billion loan. Because of the shortfall in its trade balance, Argentina's financial authorities have recently made known that the government will have to borrow between $2 and $2.5 billion more this year to cover interest payments.

West Germany

Industrial collapse stirs labor unrest

Large labor demonstrations were staged during the last week of August in some of the West German cities hardest hit by the collapse of industry.

In Bremen, where official unemployment is over 14 percent, workers in the city's shipyards—the major industrial employer—demonstrated against a planned merger of the Weser and Vulkan yards. The plan is being sold to the workforce as meaning "only" 500 layoffs, but it is well known that for lack of incoming orders, there will be no work at all by early 1984.

In Oberhausen, in Germany's Ruhr industrial heartland, Thyssen Steel has decided to shut down a steel stamping plant which employs 500. A demonstration of 20,000 people was staged Aug. 30, with demonstrators ringing churchbells to signify that the plant closing means the death of the city. The 500 layoffs will mean 2,000 additional jobs lost in Oberhausen.

The Bonn government, which has refused to provide support for export contracts in the past year, is faced with either subsidizing industries which have no orders to produce, or dealing with massive unemployment.

Agriculture

Reagan vetoes legislation to halt dairy assessment

The second 50-cent tax on American dairy farmers, intended to curb "excess production," became effective Sept. 1 after Senate Joint Resolution 149, which would have delayed implementation until Oct. 1, was vetoed by President Reagan Aug. 23. The resolution was passed by Congress in the closing hours before the summer recess in order to provide time to consider the pending compromise on dairy support policy when the legislators return in September.

The compromise proposal replaced a bill which had been developed by the Livestock, Dairy and Poultry Subcommittee. It calls for a total of $1.50 in support cuts, made in three 50-cent increments.

The first cut would take place on Oct. 1, 1983, with additional cuts on Jan. 1 and July 1, 1985. The second and third cuts would be made if estimates of Commodity Credit Corporation (CCC) purchases on those dates exceeded 6 billion and 5 billion pounds milk equivalent on an annual basis respectively.

The controversial 50-cent-per-hundredweight assessment on all milk marketed is retained in the compromise and would be continued through Dec. 31, 1984.

According to the National Milk Producers Federation, Agriculture Secretary John Block recommended the veto in order to spur congressional action on the dairy compromise legislation.

Sixty senators had written the President in mid-August urging him to approve the resolution. They stated that both the Senate and House agriculture committees have favorably reported the compromise proposal, and speedy action will be sought when the Congress reconvenes.

Industry

U.S. 'recovery' keeps its downward track

New homes sales, the Commerce Department reported Aug. 29, fell 6.5 percent in July, down 35,000 units from June's level of 638,000 units. The increase of home mortgage lending rates by more than 2 percentage points since June, to almost 14 percent, prompted Michael Sumichrast, chief economist of the National Association of Home Builders, to say, "The August figure should show even a deeper drop than in July, below the 600,000 unit annual rate."

New factory orders fell 1.7 percent in July to a seasonally adjusted $175.49 billion, the Commerce Department reported Aug. 30. The decline was led by a whopping 11.3 percent drop in orders for non-defense capital goods, considered a barometer of future plant and equipment spending.

The downturn in overall economic production led the leading economic indicators index—the distorted product of fraud and statisticians' fanstasies—to rise a scant 0.3 percent in July, according to the Commerce Department on Aug. 31.

More bad news seems in store. Interest rates, after a two-week softening period, began to rise again by Sept. 1, in a pattern which will send rates higher, and hit the economy even harder.

Transport

ICC head wants total trucking dereg

Representative Jerry Lewis (R-Calif.) claims that Interstate Commerce Commission chairman Reese Taylor has written President Reagan urging complete trucking deregulation and an early abolition of the ICC.

Lewis, who heads the House Republican Task Force on Congressional and Regulatory Reform—which demanded early "sunsetting" of the ICC in its May 1983 report—said that Taylor will now join with Transportation Department in pressing for complete deregulation, not only of trucking but also of the freight forwarding and water transportation industries.

Soviet Union

Andropov decrees faster technological innovation

The Soviet government announced a new decree in late August aimed at increasing the rate of technological innovation and its applications in industry.

The decree, which calls technology "one of the main areas of competition between the socialist and capitalist systems," states that from 1985 onward, rewards of up to 40,000 rubles will be given for new inventions or proposals for new technologies.

All industrial products will be rated as either "top" or "first class," and goods which do not meet either standard will be withdrawn from production, immediately or after a period of two years. The State Pricing Authority may reduce the price of goods found to be substandard as much as 30 percent.

The decree criticizes industrial ministries and the Academy of Sciences for failing to ensure a rapid and steady development of new technologies in past years. Too much of Soviet industry is called behind the times, and long-term research programs are proposed to bring together academicians and engineers.

As Soviet party chief Yuri Andropov has stated in recent speeches, the first aim of these reforms is *not* to turn the Soviet Union toward "consumerism." Soviet inhabitants have been reminded frequently that "there are more important things" than material consumption.

Such reforms of the Soviet economy are essential to support the U.S.S.R.'s growing rate of military production.

Military Technology

West German journal reports on beam weapons

The August issue of the prestigious West German military monthly journal, *Europäische Wehrkunde* (*European Military Science*), published an article on the potential for developing directed-energy anti-missile weapons (beam weapons), written by Fusion Energy Foundation Research Director Dr. Steven Barwell, who is *EIR*'s military affairs editor.

The article, titled "Beam Weapons and Reagan's March 23rd Speech," outlined both the technological requirements and the status of current research and development of these technologies.

The journal, published by the Gesellschaft für Europäische Wehrkunde (Society for European Military Science) in Munich, is the organ of the foremost nationwide military organization in the country and is the "journal of record" on the issues dominating strategic discussion in the West German military.

It is read by all commanding and retired officers of the West German officer corps, and has a wide circulation among NATO staffs and delegations.

Briefly

● **WILFRIED GUTH,** chairman of the board of Deutsche Bank, was quoted in an Aug. 31 article in *The Banker* of London that the only solution to Third World debt problems, in particular Ibero-America's, is to open the flood gates to "inflows of private foreign capital." Barriers to foreign control were erected to maintain national sovereignty.

● **BONN** economics ministry officials have told *EIR* that the West German capital is being shaken by the Ibero-American debt crisis. "Brazil—no one knows what will happen. A formal debtors' cartel is unlikely but not impossible. We were thinking up until [the last week of August] that Mexico was the trump card against common Latin American action on debt. And then we had a meeting with the Mexican ambassador to Bonn. He told us to look a little beyond all the press articles. . . . 'The U.S. recovery is a hoax,' he stated, 'and you should not believe that we in Mexico are so stupid that we can not realize that. In its present condition, the U.S. economy is not going to play locomotive for us or you. The policy has to change.' "

● **REP. BILL FRENZEL,** a Minnesota Republican and supporter of David Stockman, introduced legislation Aug. 4 to repeal the section of the 1920 Jones Act, which allowed only U.S.-built, U.S.-manned, and U.S. flag vessels to operate in domestic trade. The Shipbuilders Council of America and others have expressed concern that the Frenzel repeal would undercut the future of the U.S. merchant marine, which is essential for military defense.

● **DENNIS SMALL,** *EIR*'s Ibero-America editor, and Steven Bardwell, editor-in-chief of *Fusion* magazine, are in Buenos Aires holding seminars with official and private-sector policy makers on the just-completed LaRouche-Riemann econometric study of the Argentinian economy.