

spending is likely.

### *Industrialist Logic*

The dumb logic of austerity assures sharper cutbacks. The latest sharp revisions of capital spending plans is the result of the following calculations in the minds of industrialists. First, industrial capacity utilization has been falling — e.g., steel reached 68 per cent last week — as final sales have dropped with income. Second, prices have continued to skyrocket — the wholesale price index for industrial commodities has hovered around double digits for months. This assures that future costs will be driven up while markets shrivel up. Finally, business regards with fear the threat of a Carter Administration.

The industrialists' inevitable conclusion is that capital expenditures must be sharply curtailed. The result is a further fall in income, another drop in sales and a capacity utilization etc., in a vicious cycle. As some ignorant but well-meaning government economists have recently realized, from the point of view of austerity, the economy seems to be stuck with an insoluble chicken-and-the-egg problem, where what gets cut first, workers' living standards or capital spending, becomes the question.

The real world results of such nonsense are criminal, both in terms of real production of goods and because the spiralling downslide of the economy leaves the door wide open for Carter's Schachtian advisors to ram through a fascist reorganization of the economy.

### *And Its Consequences*

The latest figures show that key sectors of the economy are on the verge of total breakdown — precisely these areas which the Carterites have pinpointed as the first for liquidation. For example, Commerce Department figures show that capital spending by railroads will drop 26 per cent between the third and the fourth quarters of 1976; that total spending in 1976 will be over 11 per cent lower than last year; and that no improvement is expected in 1977! These figures mean that the nation's railroads, especially in the Northeast, will simply fall apart, since it comes on top of a situation where railroad expenditures for roadway and structures has declined over 60 per cent per gross ton mile in the past 25 years and over 140 million ties alone need to be replaced.

According to a plan for a U.S. Rail Trust proposed by

Pennsylvania Governor Milton Shapp at last month's Saratoga, N.Y. governors conference, ghetto youth would be hired with pick-and-shovel at \$5,000 per year to "solve" this problem.

Similarly, under the rubric of the Regional Energy Development Corporation and the Humphrey-Hawkins bill, the fascist backers of Carter want to reorganize other sectors set to collapse, clustered in the vital U.S. industrial corridor. The bottom is about to fall out of the coal mining industry. Coal inventories at utilities, which are operating at 66 per cent of capacity, and steel companies are high, while inventories of metallurgical coal in Japan, to which the U.S. ships 40-45 per cent of its exports, are prohibitively high. The electronics industry, which realizes a third of its sales of semiconductors abroad is plagued with inventory problems and will fare miserably due to the recent downturn in Europe. A similar situation exists with the computer industry, which derives half its earnings overseas. Aerospace is operating at 60-70 per cent capacity, and this figure is being reached simply due to military exports.

The electrical equipment sector is severely depressed; appliance factories are running at 70 per cent of capacity and have recently announced heavy layoffs. Shipments of gas turbines to utilities are running 50 per cent or more below the peak levels reached in 1973. Farm machinery manufacturers plan lower production schedules in 1977. The farm sector, the U.S. second biggest exporter after machinery, is now in a make-or-break situation due to rapidly declining income. Overall, machinery inventories are excessive, and with an average 45 per cent of their sales outside the U.S., most major machinery producers will shortly be in serious trouble. Auto and steel, of course, will soon totally collapse. Finally, construction, the single largest sector of the economy, simply doesn't exist anymore in many parts of the country, particularly the Northeast.

As a result of this rapidly deteriorating situation, the U.S. population must now make a fundamental decision: will we continue to progress as a nation dedicated to industrial and agricultural technological advancement, or will the Carter fascist forces be permitted to de-industrialize?

## Wheat Leads World Grain In Trade Tailspin; Dollar Crisis Blocks Market Expansion

### AGRICULTURE

Dec. 10 (NSIPS) — Last week, the Commonwealth Secretariat in London announced an estimated 11 per cent collapse in world grain trade for 1976-77. According to the projections the trade downturn will be paced by a 14 per cent drop in wheat trade, with coarse grains falling 8 per cent. Corroborated in the main by most official and unofficial parties to the international grain

trade, these projections have already created explosive pressures in the U.S. farm sector, where plunging export demand for wheat and the lockstep price collapse has reduced farm income by 45 per cent since June — despite steadfast producer withholding of stocks.

Taking a quick glance past the end of his nose, the typical bourgeois commentator observes that Canada,

the Soviet Union, Argentina, Turkey, and even India and Bangladesh, harvested bumper crops this season, and that this "overproduction" has already precipitated a near 30 per cent plunge in world grain prices over the past six months.

Such simplistic "supply-demand" arithmetic contains a vicious fallacy, properly identified as a political problem. In fact, the functional bankruptcy of importing countries and the heavy indebtedness and related financial problems of farm producers has turned an important if inadequate increase in world wheat production into a full-scale "glut," with immediate obvious consequences for the U.S. farm sector.

Trade sources confirm that the current ferocious price competition in wheat markets signals not a fight to capture new markets, but a dog-fight over existing markets, markets defined in principal by the balance sheets of the New York banks and their International Monetary Fund collection agency. A review of the gross trade statistics confirm that despite cut-rate prices, the wheat market is being choked off at precisely those points throughout the developing sector, where two-thirds of the world's population reside, that would be the areas of its most rapid and vast expansion under conditions of effective world economic development.

In 1974-75 wheat imports by the developing countries of Asia, Africa and Latin America peaked at 41 million tons. In 1975-76, as the International Monetary Fund's Exchange and Stabilization Division began to batten down the hatches in emergency defense of the dollar credit system, developing country wheat imports fell 10 per cent. This year, according to the U.S. Department of Agriculture, they are expected to drop by approximately another 10 per cent.

Nor do the unusually excellent 1976 harvests in key developing sector countries explain this serious underlying trend. India, for instance, had a bumper harvest and is currently holding 22 million tons of wheat in "reserve." Lacking adequate storage capacity and sufficiently developed transportation systems to fully utilize the crop domestically, India is forced to try to export a portion of their own population's subsistence — for a potential double loss. With a premium on foreign exchange, India is not surprisingly holding out for better prices, a fact which by definition orients the search for importers to traditional markets largely in the advanced sector.

At the same time, India, one of the U.S.'s best cash customers, cut its U.S. wheat imports from more than 4 million tons in 1975 to zero in 1976, widespread slanderous prejudices to the contrary. U.S. Department of Agriculture sources report that if India's next crop, harvested in April-May, is poor, they may need up to 3 million tons of wheat — but that transaction is not likely to occur, if at all, until the 1978 marketing year.

Turkey, too, which has had excellent crops for two years running, has to date refrained from "dumping" in hopes of higher prices, trade sources report.

#### *Canada, Argentina Challenge U.S. Exports*

Apart from the otherwise happy cutback in U.S.

exports to countries like India, U.S. exports are being heavily challenged by Argentina and to a lesser extent Canada. Canada had a bumper wheat harvest this year, and while the Canadian Wheat Board sets its prices in tandem with the Chicago futures market, transport facility on the Canadian side and U.S. farmers' exercise of their prerogative to withhold wheat for higher prices on this side has created a marginal but important effective price differential for Canadian wheat.

Reportedly, international traders may take a loss on 4 million tons they bought from the Canadian Wheat Board last spring and shipped to the West Coast — where the same Canadian Wheat Board is giving them heavy competition for sales to the Phillipines and Taiwan. Market sources say that the trading companies are considering re-transporting the Canadian grain back to Thunder Bay for desperation discount sales to U.S. millers and others.

But it is Argentina which is by all accounts the swing factor in a market hamstrung by international financial collapse. Argentina's record 12 million ton wheat crop — up nearly 50 per cent from last year — was produced strictly as a foreign exchange-raising gambit, at the expense of livestock development. Following the logic of the policy, the peso devaluation and government elimination of the 10 per cent export tax has propelled Argentina into the center of international wheat markets where it is now wheeling and dealing at 20 per cent discounts.

This week, according to market sources, Argentina offered wheat at an average of \$85 per ton (FOB) — compared to the U.S.'s cheapest \$107 per ton. In recent weeks the U.S. has lost every tender to Brazil, where last year the U.S. shipped more than 2 million tons of wheat, to Argentina.

Argentina is also taking over U.S. markets in Chile, Peru, and even horning in on the Soviet and European markets, according to sources. Significantly, one of Argentina's primary customers in Europe is financially embattled Italy, otherwise a \$60 million a year wheat importer from the U.S.

Under the circumstances, Soviet importing of U.S. grains is hardly the issue and does not have a significant impact on the wheat market, where the price spiral is most devastating. U.S. wheat exports had already declined by 15 per cent in fiscal year 1975 — despite the 4 million ton Soviet purchases. Under the current arrangement, Soviet wheat purchases will be approximately 3 million tons, a drop of a mere 1 million tons compared to a possible further fall-off of up to 15-20 million tons in Latin America, Asia and Europe. If anything, recent Soviet decisions to switch a portion of their purchases from corn to wheat was interpreted as a move to help stabilize U.S. wheat prices in the past week.

#### *U.S. Farm Sector Squeezed*

The pressure is on in the U.S. farm sector. Cash prices for wheat have collapsed 30 per cent since the spring, bringing farm income down 45 per cent since June and enforcing the lowest farm cost-price ratio since the fateful year of 1933.

Seventy-five per cent of the record near 60 million harvest, plus more from last year, is still stockpiled on

farms and in commercial warehouses. The farm cash crisis is dramatically indicated by the fact that since Oct. 13, when wheat crop loan rates were increased from \$1.50 to \$2.25 per bushel, more than 100 million bushels of wheat have been put under loan. Another huge rush into the loan program is widely anticipated for the first of the

year when tax regulations make such a move financially practical for farmers.

Regional banks report rising farmer demand for refinancing and a corollary fall-off in debt repayment, with several sources notably anticipating possible sharp financial difficulties in the farm sector this year.

## Carter's Businessmen

### CORPORATE WEEK

Exclusive to NSIPS

Dec. 9 (NSIPS) — It must have struck everyone following Jimmy Carter's discussions with businessmen in recent weeks that the same faces keep turning up at his meetings. The guest list for today's meeting in Washington, D.C. arranged by Carter faithfuls J. Paul Austin, chairman of Atlanta-based Coca Cola, and Bert Lance the Atlanta banker who is Carter's designated budget chief, included Irving Shapiro, chairman of DuPont, Henry Ford II, chairman of Ford Motor, Edgar Bronfman, chairman of Seagram's, and other regulars. On the basis of this small clique of businessmen, Carter's controllers are trying to give the impression that the peanut farmer is winning over the business community at large.

These individuals are as much business leaders as Leonard Woodcock is a labor leader. Take two of Carter's leading supporters — Irving Shapiro, who has declined a post in the administration, but is one of the most visible Carter supporters, and W. Michael Blumenthal, chairman of Bendix Corporation and one of the leading contenders for Treasury Secretary.

Both men epitomize the new breed of "professional managers" who infiltrated corporate bureaucracies over the last decade and pursued policies on behalf of the New York banks, policies *against* the real interests of business in expanded world trade and development and growing real profits. As a result of the policies implemented by business traitors like Shapiro and Blumenthal, U.S. industrial capacity is presently a pile of outmoded junk and real profits of industry are negative.

#### *Blumenthal*

Werner Michael Blumenthal's allegiance to the Rockefeller clique is attested to by his membership in numerous Rockefeller-controlled international policy bodies: the Trilateral Commission, the Rockefeller Foundation (of which he is a trustee), the Council on Foreign Relations, the Atlantic Council, and the Atlantic Institute. Blumenthal also participated in the now disbanded ICNEP (Initiatives Committee for National Economic Planning) along with Robert Roosa and Leonard Woodcock, Carter's favorite banker and "labor leader". ICNEP was the self-described corporatist group whose stated aim was to replace the corporation with top-down national economic regimentation to phase out

basic industry. Now Blumenthal is touted as a business leader!

Blumenthal's field has always been "labor relations — achieving productivity through speedup rather than technological development. He fled the Nazis, arriving in the U.S. in 1947, only to become one of Rockefeller's kapos. Trained as an "economist" at Princeton University, he did a research project on "Codetermination in the German Steel Industry" while a research associate there. He then became labor arbitrator for the state of New Jersey from 1955 to 1957 and Kennedy's deputy special representative for trade negotiations in Geneva from 1963 to 1967 before going to Bendix. Bendix, in Southfield Mich., jointly sponsors labor relations studies with the Institute for Social Research at the University of Michigan, which pioneered in-plant brainwashing techniques. It is these credentials that have earned Blumenthal the reputation of having good relations with labor!

#### *Shapiro*

When Irving Shapiro was named chairman of E.I. DuPont de Nemours and Company, December 1973 the Wall Street Journal, Fortune, and other business publications remarked that his selection was quite a departure for the company, which, with the exception of Shapiro's predecessor, had always selected DuPonts or their in-laws for the chairmanship. Shapiro was an outsider — a Democrat and a Jew — and was the first lawyer to rise to the post; most previous chairmen had been scientists by profession. The business publications did not note the other obvious point — that Shapiro was key in implementing the final phases of the operation that destroyed the DuPont family as a right-wing independent power base. Shapiro, from within DuPont's legal department, was the main lawyer "defending" DuPont in the famous decade-long Justice Department anti-trust suit which charged DuPont with using its block of General Motors stock to control GM and influence it to do business with DuPont — the suit that DuPont lost. Shapiro together with Rockefeller-allied Clark Clifford was the main architect of the final plan for divestiture of DuPont's GM stock, which involved getting a bill through Congress lightening the taxes of the DuPont shareholders who were given the divested shares. Shapiro won the admiration of the added DuPonts for