Business Briefs

U.S. Economy

Construction contracts decline by 3 percent

Despite a very strong increase in new housing starts, and a jump in office building contracts let, the overall value of construction contracts awarded in January declined 3 percent from December and remained equal to the value in January 1982, not adjusted for inflation.

The reason for the decline was a precipitous drop of 53 percent in non-building construction from December and 56 percent from the prior year. Non-building construction consists of roads, power plants, dams, and various types of industrial facilities and installations.

Presidential construction contracts let totalled $4.97 billion, up a very healthy 66 percent from last January's $2.99 billion while non-residential building rose 15 percent from $3.87 billion in January 1982 to $4.46 billion this January. According to George A. Christie, Dodge's chief economist, "January's burst of office building was probably just a temporary interruption of a generally downward trend."

The big loser, non-building construction, dropped from $4.48 billion in January 1982 to $1.9 billion this January. A large drop from December 1982 reflected the $2 billion construction award for a power plant in Utah.

Labor

BLS fails to retrieve missing workers

The Department of Labor's release of February unemployment figures March 4 reported that the number of unemployed rose by 44,000 from 11.446 million in January to 11.490 million in February. The number of employed fell. The unemployment rate actually rose from 10.20 percent in January to 10.24 percent in February, and will reach 10.3 percent, with rounding off, if the present trend of unemployment continues in March.

The most interesting part of the story has to do with "lost workers." Between December 1982 and January 1983, the DOL dumped 736,000 out of the labor force. Even the DOL's Bureau of Labor Statistics had expected to "find" some of them in February. But the March 4 report dumped another 146,000 from the labor force. In both cases, these workers, mostly unemployed, were dropped from the unemployment rolls. That means that in two months, 882,000 workers have been deleted from the labor force. Were they added back in and counted as unemployed, the unemployment level would have reached 12.372 million in February, eclipsing the level of 12.036 million in December by more than a quarter-of-a-million workers.

Since the employment level has been declining, this would mean that the unemployment rate in February would really be 11.3 percent.

Agriculture

USDA witholding disaster loans to farmers

Senator Tom Eagleton (D-Mo.) released a study by the General Accounting Office the last week of February, confirming that the U.S. Department of Agriculture Farm Home Administration has illegally denied farmers access to the emergency disaster loan program.

The GAO study declared that the Reagan administration is running the disaster loan program in a manner "inconsistent with congressional intent and in violation of the Act." The current disaster loan guidelines were set up in 1978.

The intent of the law, according to Eagleton, is that disaster loans are to be made available under the FmHA if more than 25 farmers in one county, or if more than 30 percent of a crop statewide is damaged by any kind of natural disaster. The only official stipulation is that the farmer is not at fault in the crop loss.

The administration is making disaster loans available only under the condition that 30 percent of a crop in a given state is affected. However, according to Eagleton, there are more than 500 counties in the United States in which more than 25 farmers have been hit by drought or flood in the past year, and have not been able to get FmHA loans.

Senator Eagleton is requesting that Agriculture Secretary John Block and Attorney General William French Smith review the GAO report. Eagleton's aide told *EIR* that French Smith has agreed to the altered regulations, which are to be released in mid-March.

Research and Development

Pentagon forces Japanese to sell U.S. subsidiary

For the first time ever, the U.S. Department of Defense has invoked a national security clause to force a foreign firm to sell its American subsidiary. According to the March 1 *Nihon Keizai Shimbun,* Japan's Kyocera Corporation sold Dexcel, Inc., a California-based producer of chemical compound semiconductors, to a U.S. firm, Gould, Inc., after being asked to do so by the Pentagon.

Kyocera had created Dexcel in 1975 as a producer of primarily civilian products. Over the years, however, sales of products such as transistors for F-16 fighters took up an increasing portion of its business. In 1982, military-oriented sales amounted to $14 million.

The Pentagon recently invoked a never-before-used law stipulating that, for the protection of U.S. national security, the management of U.S.-based firms engaging in military research and development must consist entirely of American citizens. However, since its inception, Dexcel's president had been Japanese. Kyocera agreed to end Japanese management of Dexcel and, at the same time, decided to sell the company to Gould.

Nihon Keizai Shimbun commented that the case runs counter to U.S. requests for military R&D cooperation with Japan, adding that "there is danger of it causing Japanese enterprises concerned to now hold back from offering cooperation to the U.S." Japan's Ministry of International Trade and Industry said it is carefully examining the case.

International Finance

Skorzeny's widow runs flight capital operations

A key figure involved with Swiss bankers in capital flight operations against Third World nations is the widow of Adolf Hitler's "favorite Commando," Otto Skorzeny. Madame Skorzeny, a former resident of Zürich, now conducts financial operations out of Madrid and the Spanish island of Majorca.

Sources describe Madame Skorzeny as having "good connections, particularly in Mexico, the United States, and Liechtenstein," and, as one London insider described it, "All the Swiss bankers troop to her door."

Otto Skorzeny was smuggled into Spain at the end of World War II to avoid being hanged at Nuremberg. He ran the Die Spinne networks that reached from southern Europe into South Africa and Ibero-America, responsible for smuggling many Nazis out of Europe after World War II.

Madame Skorzeny is the niece of Hjalmar Schacht, Hitler's finance minister. In an early March interview made available to *EIR*, Madame Skorzeny acknowledged her relationship to Schacht, but cautioned her caller that "I have to be very careful;' there are many things going on. . . ."

Asked advice about financial affairs in Mexico, Madame Skorzeny commented that that nation was "a very easy place to invest" since former President López Portillo's nationalizations of the Mexican banks was beaten down. "You can get things dirt cheap in Mexico," she said. "I am more worried about things here in Spain. What if they repeat what the Mexican government recently did?"

She also assured her caller not to be "concerned" about exchange controls in Mexico. "We can exchange pesos for you. I have people who are interested in buying pesos; we can arrange a pure exchange of pesos out of Miami; there is a bank involved there." When questioned about operations in Africa, Madame Skorzeny replied that she had "a lot, particularly Morocco. I have a great interest there."

Skorzeny acknowledged that she knows Swiss banker François Genoud, the current head of the neo-Nazi International, "very well."

International Trade

Sino-Japanese industrial cooperation

The second phase of the Baoshan integrated steel works near Shanghai, which had been cancelled in 1981 at the height of China's anti-heavy industry campaign, will be revived, according to Chinese Minister of Economic Relations and Foreign Trade Chen Muhua. Chen wound up a high-level economic mission to Japan the last week in February.

Chen told the Japanese, who hold a majority of the foreign contracts dealing with the Baoshan project, that the first stage would be brought on line by 1985, and China would then proceed with the second.

Chen's visit to Japan underscores the important role Peking hopes Japan will assume in its modernization effort. Japanese firms are also expected to play a major role in plans to modernize port and railway infrastructure, as well as offshore oil exploitation, areas which have been assigned top priority.

Chen said China intends to quadruple foreign trade by the year 2000, with Japan's share of that increase commensurate with its current level of one-quarter of China's total trade volume. The two countries also agreed to set up working-level meetings to discuss the extension of low interest Japanese government loans to China.

On April 23, former Japanese Foreign Minister Sakurauchi will visit Japan at the invitation of Chen to inspect projects involving Sino-Japanese cooperation and discuss the loan prospects.

Briefly

● **MACHINE TOOL** orders in January were $91.5 million in the United States as compared to $120.95 million in December and $205.5 million in January 1982, the National Association of Machine Tool-Builders reported Feb. 27.

● **DOUGLAS HURD,** representing the British Foreign Office at the negotiations of the Polish government debt, told the Paris Club of private creditors March 3 that "Poland has de facto declared a debt moratorium. The West should make clear statements that they are going to take action."

● **THE UNITED NATIONS** Food and Agricultural Organization (FAO) warns of the danger of a repetition of the 1973-75 drought which killed 10 million people in Africa. "The food situation is becoming more critical from day to day, especially in the Sahel regions," stated the group. Agricultural production in Chad has dropped 40 percent in one year, says FAO. While reports of famine have come only from Chad, the category of "serious shortages" is being applied to Mali, Senegal, Mauritania, and the Cape Verde Islands. About 500,000 tons of grain may be needed in the current emergency.

● **TRADE WAR** has begun due to International Monetary Fund demands that its client states devalue their currencies. Brazil's 30 percent devaluation Feb. 18 not only brought down world coffee prices, but also brought demands from shoe importers abroad that Brazil give extra price discounts. Lower prices may wipe out all income gains from the devaluation, Brazilian exporters fear. Colombian businessmen are demanding their peso be devalued to catch up with Brazilian, Venezuelan, Mexican, and Ecuadoran devaluations.