

Business Briefs

Trade

Financing for Soviet grain imports

Rumors are circulating in Washington, D.C. and in the *Wall Street Journal* that the Reagan administration will shortly announce a plan to finance some of the Soviet grain purchases from the United States. A guest editorial in the Sept. 26 *Wall Street Journal* began with this headline, "Why Has Gromyko Come to Town?" and answered, "For money, of course. For big and quick money that the Soviets suddenly found they desperately need right away to contract for a record amount of American grain this fall. Some say his visit is about the race in space and global competition, but in reality it is about earth, dearth, bread and butter."

During the week of Sept. 24, a Soviet delegation in Washington, D.C. met to make grain import arrangements with Department of Agriculture Undersecretary Daniel Amstutz, for 25 years a top Cargill executive and commodity specialist with the Kissinger-connected Goldman, Sachs brokerage house. No details are yet available.

American Agriculture

'Experts' testify: Lower U.S. output

During the week of Sept. 24, a string of "experts" came before the Congressional Joint Economic Committee to testify on how to further reduce U.S. output and to call for other nations to reduce their production.

Four former USDA secretaries joined in—Earl Butz (under Nixon and Ford), Bob Bergland (Carter), John Knebel (under Ford after Butz was kicked out), and Clifford Hardin (Nixon before Butz). All four called for keeping farm price supports very low so that U.S. farm products will be competitive in world markets. Hardin emphasized that unilateral American efforts to reduce production to maintain higher prices and to lower world crop supplies are an open invitation for foreign countries to expand production under the U.S. "price umbrella."

Even according to the USDA's falsified figures, U.S. farmers are getting only 51% of parity and are operating at a loss. But media and "experts" are promoting lies and cover-up while farmers go bankrupt and the national and international food supply base collapses. For example, the Washington, D.C. lobbyist for the National Milk Federation blames the national milk problem on the "highly subsidized" European dairy exports.

Debt Crisis

Brazilian industrialist: Austerity must be reversed

Thanks to IMF-imposed "adjustments," Brazil's GNP per capita went down 11% from 1982 to 1983, its industrial product went down 15%, and imports went down from \$23 billion to \$15 billion, the head of the São Paulo State Industrial Federation, Luis Eulalio Vidigal, told a New York business luncheon during late September. Today, 8 million workers are unemployed—15% of the work force. This austerity must be reversed—and fast—he warned: "Tensions are mounting every day. . . . For Brazil to grow rapidly again, capital transfer abroad must be slowed."

He added: "I showed the bankers that there are two Brazils: the Brazil of the dollar which is paying its accounts, and the Brazil of the cruzeiro which is having problems."

Space

NASA agreement proposed by 3M

The Minnesota Mining and Manufacturing Company has proposed a 10-year agreement with NASA for the commercial use of space, including experiments aboard as many as 72 Space Shuttle flights, the company announced on Oct. 2.

The agreement with NASA would allow

3M to perform basic research in organic and polymer science, specialties of the company, and would enable the company to assist NASA in developing a chemistry laboratory aboard the \$8 billion space station planned to be operational in the early 1990s.

Lester C. Krough, vice president of research and development, said the agreement would establish a relationship between 3M and NASA designed to produce the widest possible dissemination of scientific information of benefit to the country, while providing 3M with proprietary technology aimed at development of commercial products. It is hoped the agreement will be completed and approved by the end of the year.

For the interim, 3M has signed a two-year agreement allowing the company to conduct experiments aboard one Space Shuttle flight this year and one next year, and also to participate in NASA's "Getaway Special" program, which allows placement of self-contained experiments in special containers located in the shuttle's cargo bay. The first experiment, designed to grow organic crystals in near-zero gravity, is scheduled for launch in early November. The second, scheduled for March 1985, is designed to study the creation of thin crystalline films formed from a vapor produced from organic solids. A third experiment will test the effects of near-zero gravity and vacuum on the directional growth of micro-crystals in thin organic films, and is tentatively scheduled for next August. 3M is also interested in studying the photo-optical, magnetic, and other properties of crystals to see how they might be used in advanced products in electronics, videotapes, and computers.

NASA and 3M announced plans last February for a joint research program that could develop into a joint production facility, making 3M the first tenant on the space station.

U.S. 'Recovery'

Mayors report housing crisis

Boston Mayor Raymond Flynn says low- and moderate-income families are running out of affordable housing. Flynn made the

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comment on Oct. 2 in Washington as he and other mayors asked for more federal assistance for housing.

The mayors described tight housing conditions at a meeting of two House subcommittees, and backed up their comments with a report from the U.S. Conference of Mayors held this past summer. The report says that a survey of 66 cities showed the demand for housing assistance is rising but aid continues to be inadequate.

The report says the demand for housing assistance is so large that 61% of the cities have closed their waiting lists. The cost of modernizing the existing public housing was estimated at \$1.7 billion. And, 89% of the cities said the private sector cannot solve the housing problems without subsidies.

Flynn said that the median rent in Boston went up 16% during the past year and that the vacancy rate is 2%. He said families are having trouble finding "safe, decent, and affordable" housing.

Chicago Mayor Harold Washington said in a written statement that 23,000 people are on the waiting list for housing in his city, and that Chicago has lost 70,000 housing units in the last 10 years.

Washington said the federal government should direct more housing assistance to low- and moderate-income neighborhoods with an emphasis on rehabilitation.

Austerity

State Department plans murder of Israeli economy

Syndicated columnist Jack Anderson leaked the details of an internal State Department policy paper on the demands planned by a State Department task force on the Israeli economy for Israeli Prime Minister Shimon Peres and Deputy Prime Minister Yitzhak Shamir during their visit to Washington in mid-October.

According to Anderson, Secretary of State George Shultz will insist on:

- "comprehensive" across-the-board budget cuts, including defense, education, and social services;
- an agreement that these budget cuts

be "irreversible" and not subject to complaints by the Israeli population about austerity;

- the transformation of the Bank of Israel into an Israeli version of the U.S. Federal Reserve Bank;
- the "privatization" of large sectors of the Israeli economy and ending of government subsidies on many items;
- the termination of cost-of-living allowances that have until now allowed workers to receive wage levels commensurate with the growing rate of inflation.

The effects of such austerity pressure in Israel are being reflected in decisions made by the Peres-Shamir "national unity" government prior to the upcoming Washington trip. According to the Sept. 26 *Jerusalem Post*, the budget of the Israeli Energy and Infrastructure Ministry is being slashed by 10%, with most of these cuts hitting the Mediterranean-Dead Sea canal project, an ambitious plan that involves creating a grid of nuclear plants along a canal to be built between the two seas. The new cuts may kill the project altogether.

Ibero-America

IMF deal hits Argentine labor

The Argentine government decreed savage wage cuts and increases in domestic interest rates on Oct. 1 to implement the deal signed with the IMF last week. During each of the next three months, wages will be raised by only 14% against an inflation rate of 27.5% in September. Inflation will rise further as the government implements other IMF provisions to raise prices for public utilities by 10% in real terms and removes subsidies from basic necessities. Also contributing to inflation and depressed conditions is the tight money, including a 1.5% increase in internal interest rates.

The labor movement declared itself in a "state of alert" to plan general strikes or mass demonstrations to respond to the Alfonsín government's betrayal of its promise to raise real wages by 6% this year. The unions claim wages were reduced by 21% during the June to September period.

● **THE GUYANESE** government, to meet debt payments under IMF conditionalities, has banned the import of food. Prime Minister Desmond Hoyte stated on Oct. 1: "We must continue to confront and oppose resolutely the benighted persons in our midst who still yearn for wheat flour, sardines, and apples."

● **THE BRAZILIAN** Association of Commercial Banks (ABBC) has signed a letter of intent with American Express which affiliates another 29 small and medium commercial banks to the latter's international networks. The agreement will create a means for foreign banks to bypass Brazilian laws blocking direct participation of foreign financial institutions in Brazil. The ABBC is a strong advocate of Brazil's international creditors "converting at least part of their loans into direct investments."

● **ARTURO ROMO**, one of the leading spokesmen of the Mexican Confederation of Workers (CTM), called on President de la Madrid to fulfill his role as leader of the nation. Romo, speaking in CTM president Fidel Velázquez's name, told the General Assembly of the CTM on Sept. 28 that "the [debt] crisis not only threatens the people's material levels of life but also their liberties." Romo said that the workers "had held back their legitimate demands because we understand that a bankruptcy of the economy of the country could mean falling into political chaos. . . ."

● **FRTZ LEUTWILER**, in a long interview with West German magazine *Der Spiegel*, claimed that the debt bomb has been defused, and the debt problem is now under full control, but that not one inch of progress has been made toward solving the fundamentals of the debt crisis. "The real bomb is the social and political situation of debtor countries, [which] has worsened, on balance, not improved." But, said Leutwiler, "I want to keep them under pressure: no debt forgiveness."