

Business Briefs

International Trade

High-level U.S.-Soviet trade talks in Moscow

While Shultz and Gromyko met in Geneva, U.S. Undersecretary of Commerce for International Trade Lionel Olmer was in Moscow for the highest-level Soviet-American trade session since December 1978. He met for two days with Soviet Deputy Foreign Trade Minister Vladimir Sushkov. "Projects in which U.S. firms and Soviet enterprises could cooperate" were on the agenda as well as trade, according to reports.

At the close of the talks on Jan. 10, Olmer said there was "reason for optimism" that the first full-scale Soviet-American trade conference in six years would be scheduled soon. In the past, such meetings were chaired by the secretary of commerce and the foreign trade minister, but Olmer said, "It would be premature to make any judgment on whether there will actually be a minister-to-minister meeting."

International Economy

Deflationary spiral endangers world economy

Economist Phillip Braverman, of Briggs, Schaedle and Co, a New York investment firm, warned on Jan. 7 that "the strong dollar, declining commodity prices, the ballooning U.S. trade deficit, and high real interest rates threaten to create a wave of bankruptcies that will push the world back into recession."

Braverman cited the plunging price of gold, which fell below \$300 per ounce before rebounding marginally on Jan. 7, and the falling price of oil, which is in part politically motivated by the British and Soviets. But Braverman noted that all major commodity prices had fallen. This is causing production to close down and Third World debtors, who depend on the sale of their commodities to pay their debt, to fall deeper and deeper into debt. Braverman stated that it is impossible to mine and produce enough copper, aluminum, or steel at current or prospective lower prices to pay back bank loans. At the moment this problem is confined to a few isolated producers,

"but if it spreads the consequences could be disastrous."

Braverman concluded: "The Third World debt crisis also will become unmanageable if this trend continues."

European Economy

Austerity increasing in Portugal

What lies in store for all of Europe is shown by the little-publicized but terrible economic decline of Portugal. Socialist Prime Minister Mario Soares announced his New Year's Death Resolution, courtesy of the IMF: The cost to the consumer of all essential goods and services, from petrol to electricity, water supply and public transport, will be raised 10-25%, under conditions in which private car-owners have not been able to afford to drive on non-company business for over two years.

Conservative estimates place inflation for 1985 at 22%; between 1983 and 1984, the internal deficit grew by over 32%. Soares has expressed hopes that real salaries will not "collapse still further" in 1985.

Operation Juárez

Cartagena Consensus still fighting

Representatives of the 11 biggest debtor countries in Ibero-America are likely to call on the 7 major Western industrialized governments to work toward a common solution to the debt problem. A resolution to that effect was drafted the week of Jan. 14 at the preparatory meeting for the Feb. 7-8 meeting in Santo Domingo of the Cartagena Consensus. The Cartagena Group of 11 large debtors was formed in 1984 to force the North to come to terms, but has had little success, due largely to the cowardice of regional governments.

One positive element for the future is that the Brazilian government elected on Jan. 15 will end the monopoly of monetarists in debt negotiations and will possibly interject some foreign ministry "pragmatic nationalists" into the negotiations. Fears in the United

States that Brazilian President-elect Tancredo Neves would change Brazil's disastrous debt policies have brought pressures from the United States for him to visit here before taking office, according to the president of Neves's political party, the Brazilian Democratic Movement Party.

U.S. 'Recovery'

Survey shows orders and employment down

The National Association of Purchasing Managers doesn't see much that is hopeful in the economy. The NAPM said in their December monthly report that the rate of production declined in December for the first time since the last recession ended. The NAPM Survey, based on replies of purchasing managers in 250 industrial firms, the following. In production, 17% reporting said production was higher than the previous month; 22% said it was lower; 61% said it was unchanged. New orders fell to the slowest rate since December 1982; 19% reporting said new orders were higher than the previous month; 24% said they were lower; 57% said they remained the same. "Hand-to-mouth," or "as needed" purchasing jumped from 29% for all purchasing managers in November to 45% in December. No buyers reported commitments of six months or longer, the first time that has happened since 1961.

Agriculture

Iowa senate declares economic emergency

On Jan. 17, the Iowa State Senate voted 46 to 3 for a resolution declaring a condition of economic emergency in the state. The house is expected to vote on the measure by this weekend.

The resolution calls for a moratorium on farm foreclosures—at the discretion of the governor. Gov. Terry Branstead, instead of planning immediate action, has announced the formation of a panel of unnamed experts to investigate and give a decision by March 1, 1985. A recent statewide survey shows

that farmland values have fallen in every county in Iowa from 26-43% over the last three years.

In Minnesota, indications are that the cartels are behind a move by Governor Perpich and State Agriculture Commissioner Jim Nicholls to propose a 120-day moratorium on farm mortgage payments and foreclosures that would allow some farmers to put one last crop into the ground. By fall, the farmers could still go bust, and the banks would get both the crop and the land.

Economic Treason

New organization formed to promote IMF

The Bretton Woods Committee, a new propaganda organization, has been formed to promote the increasingly discredited International Monetary Fund in the United States.

The membership of the group consists of 130 private citizens, including businessmen, labor leaders, and former government officials. Former Presidents Jimmy Carter and Gerald Ford will serve as the group's honorary co-chairmen. Organizers for the new institution include former Treasury Secretary Henry Fowler, now a senior partner at Goldman, Sachs investment bank, and former Deputy Treasury Secretary Charles E. Walker.

The committee, which will meet for the first time Jan. 22, according to a participant, "plans to spend the next two years urging the American public, business and labor that they all have a direct interest in supporting" the IMF and World Bank. Though the group plans to sell itself as promoting U.S. exports and jobs through IMF loans, in reality it will push for American subservience to IMF dictates.

Economics

Leading French editor praises LaRouche

Bruno Berthé, editor of the weekly *La Vie Française* and head of the most important group of economic and financial publications in France, publicly praised Lyndon H.

LaRouche at a Paris press conference on Jan. 7, as reported in the Jan. 9 edition of *Le Figaro*. In response to a question on his relation to the Parti Ouvrier Européen (The European Labor Party, POE), Berthé "denied he maintains privileged links with the POE, [but] believes that its primary leader, the American Lyndon LaRouche, demonstrates an extraordinary intelligence."

The question was apparently prompted by an article in the weekly *Echo de la Presse et de la Publicity*, which described Berthé as a "national productivist close to the POE."

Berthé made his comments during a press conference where he announced that the Berthé-controlled group will launch a major new French financial daily, *La Tribune de l'Economie*, aimed at an international readership (primarily Belgium, Switzerland, Italy, and French-speaking Africa). Berthé, the leading French economic journalist, described himself as "close to the traditional Gaullists and to the first generation of the Left."

Industry

Productive employment continues low

Officially, 8.2 million people were out of work in December, 100,000 more than in November, the Labor Department reported in early January. The unemployment rate rose to 7.2%, from 7.1% month before. President Reagan pointed out at a press conference following the announcement that total employment rose 400,000 in December, reflecting that many new jobs were created. Bureau of Labor Statistics Commissioner J. Norwood stated, "In the 25 months of the current recovery [sic], more than 7 million jobs have been added by business. Two-thirds of this increase has been in the service-producing sector. In the goods-producing sector very few industries added more than the number of jobs lost during the recession." Official BLS figures show the unemployment rate for agriculture, construction and mining as 15.3%, 16.3% and 12.6% respectively in December 1983 and 12.2%, 13.7% and 10.7% respectively in December 1984. By contrast, the unemployment rate for service and finance was 5.9%, and for government workers, only 4.4% in December 1984.

Briefly

● **MEXICO's** Undersecretary of Energy and Mines, Eliseo Mendoza Berrueto, asserted on Jan. 7 that "Mexico will defend price stability despite the pressures and speculations seeking to lower the price per barrel of oil from \$29 to \$26. . . ."

● **EL MUNDO**, a major Venezuelan newspaper, reported on Jan. 9 that top drug mafiosi have been holding direct negotiations with Wall Street creditor banks to buy up portions of the private and public debts of Colombia, Venezuela, Peru, and Bolivia at substantial discounts, ranging from 8-17%. *El Mundo* cites the FBI and DEA as sources, which remain to be confirmed.

● **MANUEL FRAGA** Iribarne, head of the Conservative Spanish Party Alianza Popular, called for the creation of a "debtors' club" in a speech given at Santo Domingo in mid-January. He said that the Ibero-Americans must opt to "jointly negotiate" the debt, and that he would defend Ibero-American interests in the Common Market. Joint negotiation of the debt is possible, repayment to occur "on a very long-term basis."

● **CHRISTMAS** sales did not generate much holiday spirit following the holiday season, according to the *Wall Street Journal*. Most retail stores did not get the sales gains that they expected and needed from the 5 week Christmas holiday season which ended Dec. 29. Sears registered a 4.7% increase in sales over last year's Christmas season; K-Mart, a 17% increase, J.C. Penny, a 6.8% increase; Montgomery Ward, a 0.1% increase. Major price-cutting did not help boost sales.

● **ETIENNE DAVIGNON**, the man who can not tolerate steel production, has been added to the board of Kissinger Associates. Davignon resigned on Jan. 6, following 8 years of service, as head of the European Community's Industry Commission.