Business Briefs

Labor

BLS retracts figures on loss of industrial jobs

The U.S. Bureau of Labor Statistics has retracted its own data on the loss of manufacturing jobs, attributing the high rates previously listed to "a computer error." *EIR*'s April 1985 *Quarterly Economic Report* had cited the hitherto unpublished BLS report on "displaced workers," documenting that since the 1979 Volcker shock, over 11.7 million U.S. workers had lost their jobs in manufacturing, 8 million of them with tenure of three years or more, and that only 5.2 million were re-employed in full-time jobs. BLS commissioner Janet L. Norwood on June 7 issued a "major correction" of the data. Instead of the 8 million jobs lost in manufacturing since 1979, the Bureau now claims it was only 2 million. "It won't happen again," she vowed.

Domestic Credit

Seven more U.S. farm banks go under

On May 31, seven banks collapsed in U.S. agricultural areas, the highst number in one day since the Great Depression. The collapses bring to a total of 43, the number of banks which have gone under this year in the United States. The affected banks are:

- Nebraska: the Bank of Taylor, the Security State Bank of Edgar, the Scroggin and Co. Bank in Oak, and the Fairfield State Bank;
- Oregon: the Bank of Oregon and Woodburn;
- Arkansas: the Bank of Lockesburg;
- Minnesota: First Trust Bank of Lakefield.

Most of these banks are being put under the blanket of the Federal Deposit Insurance Corporation, and/or being bought up by other savings and loan institutions. The FDIC is now putting severe restrictions on lending and setting new time limits for extensions of loans, which will further depress the economy in the farm sector.

Organized Crime

Lawsuit filed to stop Ohio bank takeover

A group of Ohio citizens, depositors in the bankrupt Home State Bank of Marvin Warner, has initiated a suit in the Cincinnati Court of Common Pleas to block international mafia kingpin Carl Lindner, his American Financial Corp., and its subsidiary, Hunter Savings and Loans Association, from taking over Home State Bank. Lindner would have completed the takeover by June 10. A hearing on the citizens' action was set for June 12. Lindner's American Financial Corp. was established in 1959, with funds provided by First National Bank of Boston, the bank of convenience of the United Fruit/United Brands mob. Lindner's corporation has effective control over United Brands, a company whose involvement in transshipment of narcotics from Ibero-America into the United States is notorious. American Financial Corp. is also one of the chief financiers of the Jacksonville, Fla. Charter Oil Company, a key company caught up in the "Billygate" complex of U.S.-Libyan dirty deals, which occurred under Carter administration auspices.

Agriculture

FmHA loses court bid to bankrupt farmers

A jury in North Dakota acquitted farmer Lloyd Stewart and his son, of Carson, N.D., of eight counts of "conversion" and one count of conspiracy, in a case brought by the Farmers Home Administration which concluded the first week in June. The case was part of the FmHA's legal strategy of building up precedents to convict farmers on conversion charges. The FmHA holds 15-17% of all U.S. farm debt, over half of which is in arrears.

"Conversion" means the sale of livestock, crops, or other such assets, pledged as collateral to the lender.

The case centered around a grain crop planted by Stewart. The FmHA inspected the crop and decided that it was not worth harvesting, and therefore refused to loan farmer the money to harvest it. He arranged to harvest it on his own anyway, and gave part of the proceeds to the FmHA, keeping the rest to live on and to continue to operate the farm. The FmHA demanded all the money—and took him to court to try to get it.

Banking

Fed says Bankers Trust can now sell securities

The Federal Reserve on June 4 issued a ruling which allows Bankers Trust of New York to sell securities like a stock brokerage company. This overturns a Supreme Court ruling of June 1984 and reverses the Glass-Steagall Act, which forbids banks to "underwrite." The Act had been used by President Franklin D. Roosevelt, to try to bust the Wall Street "royalists" and divide Morgan's banking and brokerage empires.

The Fed ruled that Bankers Trust may continue to distribute commercial paper, the short-term debt securities of corporations. Commercial paper, a $238 billion market, has been issued corporation to corporation, via brokerages and investment banks, circumventing commercial banks. In justifying its ruling, the Fed claimed that Bankers Trust is not really "underwriting" the securities, only "acting as agent and adviser in assisting issuers to place their commercial paper."

'The Recovery'

LaRouche: Quick action can avert bank collapse

The National Democratic Policy Committee has issued a mass-circulation pamphlet, titled "Leading Economist LaRouche Proposes Emergency Action Against U.S. Banking Collapse." *EIR* founder LaRouche is a member of the Advisory Council of the NDPC, a political action committee in the Democratic Party.

"Unless the President uses his emergency powers for sweeping and profound changes in his monetary and economic policies," LaRouche writes, "and unless he does this very, very soon, he will probably be known to future history as 'the last President of the United States.'"

LaRouche proposes the measures summarized here:

- The President must declare a national economic and strategic emergency;
- The President must enact emergency reforms of currency and banking;
- The President must "nationalize" the Federal Reserve System;
- Excepting Federal Reserve Notes remaining in circulation from old issues, the only lawful notes of currency shall be U.S. Treasury Currency Notes, issued only lending to approved categories of borrowers, through the national banking system. The new issues of U.S. Treasury Notes, shall have a gold reserve value, under agreements of reciprocity with other governments entering into a gold reserve system with the United States;
- The United States must institute foreign-exchange controls for the duration of the crisis;
- Emergency action must be taken to halt collapse of the banks;
- The United States must disassociate itself from, and oppose so-called "International Monetary Fund conditionalities" and kindred policies and measures by supranational agencies.

Petroleum Industry

Britain, U.S.S.R. set oil-price war

Great Britain and the Soviet Union lowered their oil prices at the beginning of June, a move which U.S. analysts say will trigger a new "price war." The U.S.S.R. on June 4 lowered its prices to $26 for Urals crude, and Britain cut its Brent light by $1.40 to $26.50. British "light" oil prices are now a full $2.15 below the comparable Nigerian light oil grade, and debt-strapped Nigeria is desperate to sell for ready cash.

Saudi Arabia called OPEC's 13 oil ministers to an emergency meeting in Jedda on June 3 to deal with the situation, and advanced the date on the semiannual OPEC ministerial conference from July 22 to June 30. Saudi Arabia cannot technically cut its oil production any lower, and can no longer bolster prices by production cuts.

London's *Petroleum Intelligence Weekly* reports that oil markets face "a virtually uninterrupted period of depressed demand for oil over the next 18 months or more," and the OPEC countries will be lucky if they can produce 16 million barrels per day this summer, the current formal OPEC production level.

The Debt Bomb

Castro's offer meets with scant interest

Colombia's three labor federations, the UTC, the CTC, and the CGT, rejected an invitation from Fidel Castro to go to Cuba to participate in a continentwide labor meeting on debt in July, pointing out that "Castro is repeating concepts on the foreign debt that we labor leaders in Colombia have been making repeatedly for four years in different venues, to the goverment and to labor unions."

In a seven-hour interview published in the Brazilian daily *Folha de São Paulo* on June 2, Castro warned, "The debtor nations will not be able to pay their accounts in 1986, even if things are arranged for them to do so in 1985; the cracks will appear in 1987 and in 1988 the whole house will come down. . . ."

Castro proposed a plan he claimed would save the banks and capitalism: 1) Debtor nations would pay only "just" interest of not more than 8%; 2) creditor governments would accept responsibility for the "illegitimate" part of debts, specifically those resulting from high interest and "unjust" terms of trade; amd 3) the governments would pay the banks for this debt, perhaps by cutting defense budgets 10%.

Briefly

● **THAILAND'S** parliament on May 31 passed a proposal for the creation of a 25-man commission charged with studying the feasibility of construction of a canal through the Isthmus of Kra, as proposed by *EIR* and the Fusion Energy Foundation. The commission will hear testimony and submit a report.

● **R. PETER GRACE,** the head of the U.S. branch of the Knights of Malta, is escalating his campaign to cut defense spending, a Washington source reports. The effort is being conducted through an organization called "Citizens Against Waste," co-chaired by columnist Jack Anderson. "Rightwinger" Grace is working closely with institutions connected to the left-KGB Institute for Policy Studies, including Business Executives for National Security and the Defense Budget Project.

● **MARTIN BANGEMANN,** the West German economics minister, met in Bonn on June 6 with Soviet Deputy Prime Minister Ryabov, to discuss intensified economic cooperation between Germany and the U.S.S.R. Bangemann has come out in favor of the creation of a European Currency Zone, which would be partially decoupled from the dollar system. The proposal, which Bangemann said "had also met with Soviet interest," encourages intensified "continental trade between the U.S.S.R., East and West Europe."

● **JACQUES DE LAROSIERE,** the International Monetary Fund's managing director, threatened at the end of May that the United States may face a sudden cut-off of credit. "The effects of fiscal deficits on investment," he said, "cannot be alleviated indefinitely by reliance on inflows of external savings. Continued U.S. current account deficits in excess of $100 billion a year are not sustainable." De Larosière made his remarks at an international seminar of the Vienna Kreditanstalt bank, the bank whose collapse in 1931 brought down the world banking system.