

# Business Briefs

## **The 'Recovery'**

### **Durable goods orders go into a tailspin**

Durable goods orders fell 2.5% in March, following a revised 0.6% fall in February, the U.S. Commerce Department reported on April 22.

Deducting a 42% rise in defense capital goods, the decline would have been a disastrous 5.7%. New orders for capital goods overall rose 3%, and household durable goods order were up 2.1%, but machinery orders fell by 1.2%, transportation equipment was down 1.9%, and orders for primary metals were down a large 8.7%, the lowest monthly volume since May 1983.

In a deadpan admission of what *EIR* has been insisting for months, UPI commented: "Lackluster performance in the manufacturing sector, which has not responded noticeably to either a dip in interest rates or a collapse in oil prices, has led some private economists to doubt whether the economy will grow at the rate Reagan administration analysts have predicted."

## **Free Enterprise**

### **Armand Hammer refuses to sell Libyan holdings**

In the aftermath of the U.S. bombing of Libya, four out of five major U.S. oil companies still doing business in that country have announced that they intend to sell out their assets as quickly as possible. Amerada Hess Corp., U.S. Steel's Marathon Oil, W. R. Grace & Co., and Conoco all said that they have begun talks to sell off assets.

That leaves only Occidental Petroleum's Armand Hammer, who has refused to say whether or not he will sell. Hammer is a long-time Soviet asset, who prides himself on his personal friendship with every Soviet leader since Vladimir Lenin. Occidental Petroleum has handled as much as 25% of Libyan production, in cooperation with the Libyan National Oil Company.

On Jan. 7, President Reagan announced a ban on U.S. business transactions with Libya, and warned that there would be sanc-

tions against any Americans violating the ban. Treasury Secretary James Baker III, however, granted the U.S. oil companies "temporary licenses" to operate in Libya.

## **War on Drugs**

### **Ibero-Americans meet to fight drugs**

The Organization of American States (OAS) convened a meeting in Rio de Janeiro, Brazil on April 22 to organize the fight against the international drug traffic. The conference was organized in honor of Rodrigo Lara Bonilla, the Colombian justice minister assassinated by the dope mafia in April 1984.

For the first time at any anti-drug conference, the central role of money laundering in maintaining the drug trade was discussed. The justice minister of Venezuela, José Manzo Gonzalez, who presided over the conference work group on money laundering, said in his speech on April 22 that his country wants an effective agreement to come out of the conference. "The biggest obstacle to fighting narcotics traffic in our continent is that the economic context is very bad; there is an enormous foreign debt, misery, and hunger."

A world summit on the drug trade will be held in Argentina on May 9.

## **Space Exploration**

### **New York Times tries to slam NASA**

On the morning of April 23, just hours before Dr. James Fletcher was to face his confirmation hearings as the next head of the National Aeronautics and Space Administration, the *New York Times* blasted both NASA and Fletcher for alleged gross mismanagement, fraud, and lying to the Congress.

The *Times*, in a page-one article headlined "NASA Wasted Billions, Federal Audits Disclose," claimed that internal and external audits have found fraud by contractors and NASA management, that Fletcher and

others lied to the Congress in promising that the Space Shuttle would be "cost effective," that safety was compromised in the program because NASA refused to fix and redesign components that were faulty, etc.

As *EIR* has documented, it was almost exclusively budgetary constraints that prevented NASA from making decisions on the basis of sound engineering and design considerations.

The *Times* accomplished its goal of diverting the hearings, which should have concentrated on the real policy questions facing the agency and the new administrator, such as replacing the *Challenger*, keeping the space station on schedule, and considering the long-range goals laid out recently by the National Commission on Space, which included reviving the program to colonize the Moon and Mars.

Though Sen. Albert Gore, Jr. (D-Tenn.) and others proclaimed that they were "horrified" at the "revelations," there is no doubt that Fletcher's nomination will be quickly confirmed.

## **Dirty Money**

### **First Jersey Securities under investigation**

A federal grand jury and a congressional subcommittee are investigating allegations of stock manipulation and illegal campaign contributions by First Jersey Securities and its owner, Robert Brennan. The investigations complement the Security and Exchange Commission's recent moves against Brennan and his company, for illegal mark-ups on stock transfers, and manipulating stocks to generate profits for the firm.

Brennan is part of the New Jersey dirty money-laundering networks that include First Fidelity Bank, bankers for organized crime, and the Resorts International gambling interests in the state. First Fidelity stole \$200,000 in campaign funds from the presidential campaign committee of Lyndon LaRouche in 1984, two days before the election.

Brennan received tens of millions of dollars from First Fidelity in 1982, to expand his operations in the mafia's horse-racing business.

Brennan had previously been the proprietor of a boiler-room securities business, which got its start in the 1970s by borrowing \$250,000 from one Harold Derber, one of the biggest marijuana importers in the United States. Derber, who used First Jersey to launder his drug profits, according to a series of articles in the *Philadelphia Inquirer* April 6-9, 1986, was scheduled to testify in 1976 before the SEC about Brennan's activities, but instead was found the night before, with eight bullets in his back—one of which had his initials carved in it.

## Agriculture

### New England dairy farmers close up shop

Four hundred and sixty-one farmers in the New England states have accepted the U.S. Department of Agriculture's offer to leave the dairy business.

Sixty-six Massachusetts farmers, who produce 19% of the state's milk, and 71 New Hampshire farmers, who produce 16%, will end their businesses. Two of the New Hampshire farmers are among the state's largest producers, with more than 300 head each. In Vermont, more than 200 farmers will stop milking and sell out.

This is part of the USDA program to send 1 million cows and calves to the slaughter, in order to remove 12 billion pounds of milk from the 1986 harvest.

## Oil Crisis

### President Reagan still won't back oil tax

President Ronald Reagan, in a meeting with governors and congressmen representing energy-producing states on April 22, maintained his refusal to introduce an oil-import tariff, on the grounds that this would violate the tenets of free-market economics.

Rep. Mickey Edwards (R-Okla.) said the idea of an oil-import tax was discussed, but "the President, of course, made it clear he doesn't support it." Instead, he offered to

push for repeal of the windfall profits tax on oil companies, in order to ease the plight of the states devastated by the world oil-price decline.

An "energy" summit was convened on April 15 by Texas Gov. Mark White (D), attended by governors from Oklahoma, New Mexico, Wyoming, Kansas, and North Dakota. The governors from Oklahoma, New Mexico, Wyoming, Kansas, and North Dakota. The states' plea for assistance was presented to the President at the April 22 meeting in Washington.

But Governor White was excluded from the session with the President because, the White House said, he's been too "partisan" on the issue. Texas is by far the largest U.S. oil-producer, pumping nearly one-third of total American crude.

## Great Projects

### Thai parliament supports Kra Canal

The Thai parliament passed a resolution in mid-April stating that a multi-billion-dollar project to build a canal through the Isthmus of Kra is feasible, and should be implemented.

The resolution, based on a study carried out by a parliamentary commission created in July 1985 for that purpose, was directed to the government of Prime Minister Prem Tinsulanond. The committee heard testimony from Pakdee Tanapura of the Fusion Energy Foundation (FEF), members of the Defense College, engineers, and scientists.

The idea of a Kra Canal was originally proposed as early as 1793, and was revived in the 1970s through a study by the Thai Oil Refining Company. The project has received its major impetus recently through the international efforts of the FEF and *EIR* (see *EIR*, Sept. 13, 1983).

"Experts" from the International Monetary Fund and World Bank have attempted to sabotage the canal project, and Henry Kissinger is known to have intervened personally with the government of Thailand, to prevent the realization of the plan, which would foster the rapid economic development of the Pacific and Indian Oceans' basin.

## Briefly

● **'SABOTAGE** is something we can't discount," said Major-General Jack L. Watkins, commander of the 1st Strategic Aerospace Division, at a news conference following the explosion of the U.S. Titan 34D rocket in California. "We will be looking at everything. . . ." he said.

● **UNITED KINGDOM** Employment Secretary Lord Young on April 19 released monthly statistics on Britain's unemployment which revealed the largest monthly increase in the number of jobless since September 1981: unemployment is now at 3.2 million, or 13.2% of the labor force.

● **THE JAPANESE** Commission has suggested that Japan become another "import-consuming society," according to Sen. Jay Rockefeller (D-W.Va.). Rockefeller said that the commission called for the Japanese people to spend more, save less, and import more goods. "The pressure, the protectionist bills that have been put out [in the U.S. Congress] have gotten through to Japan's prime minister at least," he said.

● **CONGRESS** is investigating charges that TWA is compromising passenger safety by replacing nearly 6,000 striking flight attendants with inexperienced workers. The Independent Federation of Flight Attendants, which struck March 7, told a House panel on April 10 that the new workers lack a "minimum level of training." A top TWA executive denied the charges. The Federal Aviation Authority has concurred with TWA.

● **PIERRE TRUDEAU**, former Canadian prime minister, arrived in China for a two-week business visit in mid-April. Trudeau, leading a group of industrialists for talks on business prospects and now associated with a top Montreal law firm, was expected to meet top economic officials April 16.