

Business Briefs

East-West Trade

Discuss West German electricity for East

West German electricity supplies to East Germany will be discussed Feb. 12-13, when Bernhard Vogel, the Christian Democratic state governor of Rhineland-Palatinate, meets with East German ruler Erich Honecker. Vogel will also talk to Günter Mittag, Honecker's adviser on economic relations to the West.

According to sources within the Rhineland-Palatinate state government, the electricity would come from conventional, "but also nuclear power plants" in West Germany.

Vogel and Honecker will discuss establishing a sister-city relationship between Trier in the West, home of Karl Marx, and Weimar in the East, home of the German Classics of Schiller, Humboldt, and Goethe.

Foreign Aid

French pledge more aid to Central America

Secretary of State for the French Foreign Ministry, Didier Bariani, arrived in Guatemala City Feb. 8 to attend the Third European Community/Central America ministerial conference. He brought with him a pledge of increased economic aid to Central American nations.

It was the first stop for Bariani on a tour of Guatemala, Honduras, El Salvador, Costa Rica, Nicaragua, and Panama, and completes a first round of diplomatic contacts by the Chirac government with Central and South American nations over the past year. All Ibero-American countries have been contacted except Chile, Paraguay, and Cuba.

Upon his departure from Paris, Bariani declared that his government aims to increase French cooperation with Central American countries—with one exception. On Feb. 17, Bariani will meet with Nicaraguan dictator Daniel Ortega, to inform him that France will reduce its financial support

to that country. Nicaragua has been receiving 70% of France's foreign aid budget.

Foreign Exchange

Accuse U.S. of using dollar for blackmail

Washington is using the collapse in value of the U.S. dollar to blackmail Germany and Japan into destroying their own export industries, according to senior West German banking sources.

The purpose of James Baker's renewed pressure to "talk down the dollar" is to force Germany and Japan to finally agree to "coordinate" monetary and interest rate policy with Washington—i.e., sacrifice themselves to help bail out the U.S. banking system.

"What Baker is doing will speed the process of financial 'globalization,'" one major Frankfurt bank source told *EIR*. "As soon as negotiations for the new Bonn coalition are complete, Germany will agree to Baker's Group of Five call. We have no other choice. We aren't happy about it."

Industry

Chirac calls for 're-industrialization'

French Premier Jacques Chirac went on national television Feb. 8 to declare that a "major re-industrialization program is required for France. The trend of de-industrialization must be stopped."

He called for major efforts to generate productive investment—but gave no precise idea of a pertinent government policy.

The premier also commented on East-West relations: "Until the Soviet leadership shows real willingness to disarm and make disarmament verifiable, there is no reason to take them at their word." The statement was in evident rebuttal of German Foreign Minister Hans-Dietrich Genscher's statement at an economic forum in Davos, Switzerland, that Gorbachov should be "taken at his word."

Chirac's words do not conform to his government's actual economic policy, which if anything, ensures continued "de-industrialization." Like the Reagan and Thatcher governments, Chirac's has succumbed to its own version of the "privatization" schemes pushed by oligarchical financial interests. France is in the process of selling off state-owned enterprises to private interests, and in many cases, the purchasers are notorious "asset-strippers"—Sir Jimmy Goldsmith of the British casino "industry," for example.

Commodities

Too many pigs at Chicago exchange?

On Feb. 6, the Chicago Mercantile Exchange ordered traders to reduce the number of February contracts they hold for pork bellies, from 150 down to 25, because the Mercantile Exchange's Business Conduct Committee "determined that an emergency . . . existed." Spokesmen declined to comment further.

When the exchange opened on Feb. 9, February contracts, the only ones restricted in number, fell by 2¢ a pound. Traders said the action was prompted by a shortage of pork bellies, the basis for bacon.

Traders noted that only 400,000 pounds of pork bellies had been certified for delivery as of Feb. 6, while outstanding contracts called for delivery of 3.5 million pounds during the month. The forced liquidation of contract holdings was designed to prevent a single trader from cornering the market.

In the cattle market, prices continued up because of growing concern about the country's declining domestic beef supply, expected to be down 7% this year.

Poverty

New Los Angeles study of homelessness

On Feb. 8, a new city report on homeless persons in Los Angeles, the nation's sec-

ond-largest city, placed the number of people living on the streets in downtown "Skid Row" at 1,000. But an earlier federal study of the same area found 15,000 homeless.

The new report did not count about 10,000 people who live in the area's 80 single-room occupancy hotels and more than 1,000 who live in missions and shelters. The study was commissioned by the city's Community Redevelopment Agency.

CRA administrator Paul Tuite defended the report, saying that it did not mean to be a comprehensive study of "homelessness," but only of people then actually living on the streets, with no place else to sleep.

He said that since the release of the report, his office has been under criticism by "people implying that we're not going to continue our commitment to the homeless. That's not true."

There are an estimated 33,000 homeless in Los Angeles County as a whole, based on federal estimates in 1984.

The new CRA study says, "There can be no question that a large proportion of the residents of the Skid Row area have no homes in the sense that most Americans conceive of them," but many have places to sleep "in an elemental sense."

Trade

Japan envoy defends import practices

The Japanese ambassador to the United Nations defended his country against complaints that it is basically closed to imports from the United States. He spoke on Feb. 10 to an audience at the University of Texas in Austin.

"My job is to remove misunderstanding," said Kiyooki Kikuchi. "For one thing, the Japanese government does not subsidize its private sector as the U.S. complains they do.

"We are more open than any other country in the world. American politicians tell us to free this or that product but don't expect to pay compensations when asking for concessions."

Kikuchi noted that Japan buys 70% of its beef and 60% of its oranges from the United States.

Warning against the rising wave of support for trade protectionism, Kikuchi told the university audience that the United States benefits from Japanese profits being recycled into the U.S. economy. "I guess U.S. proposals to control trade worries us the most," he said.

Trade War

Pledge 'tough measures' against Japanese

Treasury Secretary James Baker and U.S. Trade Representative Clayton Yeutter promised Congress that the United States was prepared to "get tough" with Japan regarding trade practices in testimony on Capitol Hill Feb. 10.

"I want to emphasize the administration's readiness and willingness to work with you to make the necessary changes in these [export-import] laws," Baker said. "If [the Japanese can't] live up to their commitments, then we are going to have to take some tough action," he told the House Ways and Means Committee.

Baker warned, however, that President Reagan will still fight efforts to impose surcharges on imports. "There is nothing improper about threats of retaliation," he said. "What we must avoid is legislatively mandated retaliation" that would limit the ability of the President or U.S. negotiators to settle trade disputes.

Yeutter told the same panel, "I'm confident we can pass constructive trade legislation this year if we work at it cooperatively."

The basic policy of Eastern Establishment financial interests, reflected in the administration policy, and the screams for trade war in Congress, is to use trade pressures to force Japan to dismantle its industrial economy in the same way "post-industrial" policies have dismantled the U.S. economy—naturally resulting in the present, competitive advantages enjoyed by the Japanese.

Briefly

● **FRENCH BUSINESSMEN** from more than 300 firms and industrial concerns, met in Paris with representatives of Soviet foreign trade organizations on Feb. 5, according to a TASS release.

● **AGRICULTURE** Undersecretary Daniel Amstutz accused the Soviet Union of violating the "Long-Term Grain Agreement" of 1983 by refusing to purchase U.S. corn and soybean meal, at a luncheon sponsored by the Washington Journalism Center Feb. 10.

● **2.5 MILLION** Frenchmen are living below poverty level—1 citizen in every 20. The statistics were released Feb. 10 by the Economic and Social Council, an official government agency.

● **AIRLINE USER FEES** are being "hoarded" in the Aviation Trust Fund by the Reagan administration, to make the federal deficit appear smaller. The money should be spent on air traffic safety, according to industry sources. The fund stands at \$5.6 billion, and will rise to \$12 billion by 1991 given present policies.

● **JESUIT** Michael Novak attacked Ibero-America for complaining about its foreign debt, before an American Enterprise Institute audience Feb. 10. Those governments should "make it easier for poor people to incorporate businesses, like in Hong Kong." He also attacked any "Marshall Plan" proposals for the region.

● **TRILATERAL** Commission drug banks are reportedly working to split Cameroon in Central Africa out of the French franc currency zone. The maneuver is reportedly being run by Barclays Bank, David Rockefeller's Chase Manhattan, and the Bank of Boston. Cameroon is one of the most stable economies in the region, with significant oil and coffee earnings.