

Business Briefs

Commodities

Food surplus mapped for famine relief

EIR economists reported Aug. 7 that sufficient international surpluses of crucial food commodities exist, centered in the U.S., for immediate shipment to the 10 million Africans threatened by starvation. EIR also calculated the full parity prices at which governments should buy the commodities.

U.S. surplus wheat amounts to 26.3 metric tons, with 9.6 and 9.4 million metric tons of surplus wheat in Western Europe and Canada respectively. The parity price is \$6.51 per bushel.

U.S. surplus corn amounts to 32 million metric tons, at a parity price of \$4.51 per bushel.

India's rice surplus is 7.5 million metric tons; Japan's is 5.9 million. Thailand and the United States each have 1 million metric ton stockpiles, in addition. The parity price is \$18.60 per hundredweight.

U.S. stockpiles of nonfat dry milk total 271,000 metric tons; the European Community has 257,000 metric tons; Japan and New Zealand have 70,000 and 48,000 respectively. The parity price is estimated at \$170 per hundredweight.

Comecon

Soviets negotiate trade boost for Poland

Talks between Soviet President Leonid Brezhnev and Polish chief Edward Giererek concluded Aug. 1 with a pledge to increase bilateral trade by at least 30 percent over the next five years. The agreement, which revises upward previous trade plans, was prompted by labor unrest in Poland last month in the wake of meat price rises. It reflects Moscow's concern to shore up the economic basis for stability in Poland.

According to the Brezhnev-Giererek communiqué, the trade increase will be

concentrated in shipbuilding, electronics, and aviation. Joint projects for energy development are also on the drawing board; it is possible that the Soviet Union has urged Poland to upgrade its nuclear power targets.

On August 19 and 20, Giererek will meet with Chancellor Helmut Schmidt, whose government has extended \$500 million in credit guarantees for new industrial import loans to Poland, despite the latter's 70 percent debt-to-export ratio. Poland has yet to obtain a large Eurodollar credit it is seeking from an international banking consortium.

Farm equipment

Unprecedented first-half sales collapse

Commerce Department officials report that U.S. retail sale of tractors during the first six months of 1980 plunged by 24.8 percent compared to 1979. Tractor sales account for about half of total farm equipment sales. Otherwise, bale sales dropped 31 percent and combine sales 31.5 percent during the same period.

In April, tractor sales were down 57.5 percent—the largest monthly decline ever recorded, Emmett Barker, president of the Farm and Industrial Equipment Institute, reports. Manufacturers and dealers who have been through declining markets before are gasping. One Minnesota dealer who was recently forced to auction 400 pieces of used equipment at about a 50 percent loss told the *Wall Street Journal*, "There's never been anything this fast and severe. Usually sales just taper off."

Farm equipment manufacturers have already slashed payrolls, laying off thousands and extending summer vacations for thousands more. Allis-Chalmers recently announced that it was closing its Milwaukee tractor plant and foundry, idling 850 workers for two months. John Deere, the domestic industry leader, has laid off 2,000 employees and is extending summer plant closing by several weeks.

Equipment dealers have increasingly attempted to finance their own sales, and have come up with an array of incentives from waiving interest rates for a year to large rebates, and even giving out scrip to cover subsequent servicing and parts.

Public policy

Mexican government hits Friedmanites

Mexican Finance Minister David Ibarra Muñoz delivered a blistering attack on Friedmanite monetarist measures at the Sixth World Conference of Economists this week in Mexico City.

Addressing hundreds of economists from both the West and the Soviet bloc, Ibarra issued a call to "rebuild the international monetary system within the context of a new world economic order."

"Certain industrialized countries which implement domestic monetary remedies . . . seem to ignore international forces affecting their economies. . . . It is even more pathetic in the developing sector where attempts are being made to impose such measures through military coups—a kind of Manchestrian liberalism not even found in Albion [England]."

Agriculture

U.S. farm prices back to 1979 level

On July 31 the Department of Agriculture announced that U.S. farm prices rose 5.2 percent from mid-June to mid-July. The price rise is the largest monthly increase since August 1974, when farm prices jumped 7.6 percent. It reflects the early effects of the drought that has wiped out certain areas and seriously threatened overall yields.

Coming several days after President Carter's move to raise the support loan price levels, the announcement touched

off a round of what can only be described as demagoguery on food prices and the President's "reckless" payoff to farmers. Chase Econometrics chief Lawrence Chimerine predicts that food price rises will lead a rise in the consumer price index that will preclude any real recovery in personal incomes in the next year.

The June-July farm price rise is not the motor of soaring food prices. On the contrary, it finally brought the overall farm price index back up to its level of one year ago. Led by soybeans, corn, hogs, cattle and broiler chickens, the price rise follows a 1.3 percent rise in June, a .9 percent rise in May, and a 4.5 percent drop in April.

Generally unreported in this connection is the fact that farm production costs are now 11 percent above last year's level.

International credit

Arabs withhold World Bank funds

A high-ranking World Bank official stated Aug. 6 that the "entire strategy of Arab petrodollar recycling" through the World Bank may now be in jeopardy as a result of a sudden move on the part of Saudi Arabia and Kuwait to hold back funds from World Bank loans.

Last week the two Arab oil producers suddenly announced that they would freeze \$500 million slated for participation. The reason for the move, according to Arab sources, is to force the World Bank to allow the Palestine Liberation Organization observer status at the October World Bank meeting. Behind the maneuver, the petrodollar-rich Arab countries are forcing the U.S. to take a stand on the PLO, since the U.S. is the largest contributor to the World Bank and will have the ultimate say in whether the PLO could gain observer status.

The World Bank official stated that there have been "heated" discussions between Bank governors and the Carter administration over the issue, "but we have reached a dead end . . . the admini-

stration will now allow the PLO to attend the meeting and the Arabs say they will withhold more funds if their demand is not met."

Persian Gulf press services report that already consultations are underway to bring the United Arab Emirates into the boycott of the World Bank. Saudi Arabia and Kuwait hold roughly 16 percent of the total \$270 billion World Bank debt.

Energy

State Department predicts Saudi oil cutoff

"The Saudi Arabian government will fall within nine months or less," Susan Kaufman Purcell, the top specialist for Latin American affairs in the State Department's Policy Planning Division under Anthony Lake, told a conference of U.S. and Mexican strategists in Guanajuato, Mexico, July 31.

Purcell, who joined the State Department in January 1980 after serving as a New York Council on Foreign Relations fellow, told the audience of Latin American and U.S. think tankers that new U.S. efforts would be made to improve relations with Mexico so as to make up for the expected shortfall in oil flows from the Persian Gulf. Purcell was addressing a conference sponsored by the Centro de Investigaciones en Docencia Económica (CIDE).

Purcell's statement has been labeled a scandal by sources close to the Saudi government in Washington, and could trigger a new crisis in U.S.-Saudi relations.

Leading sources in Saudi Arabia, prior to the Purcell incident, suspected State Department complicity in the overthrow of the Shah of Iran, and have been wary that the Carter administration has the same fate in mind for the Saudis.

One Saudi journalist told *EIR* on Aug. 5 that State Department-linked intelligence sources in Washington are circulating the line that "the Saudi government may well have to go."

Briefly

● **A. ROBERT ABOUD's** emergence as Oxy Pete's new President raises questions for some Senate investigators. Oxy Chairman Armand Hammer is close to Charter Oil, the company slated for benefits from Billy Carter's Libya trip; Abboud is the banker who bankrolled Carter crony Bert Lance to begin with.

● **SEVERAL COCA-COLA** executives are planning to leave the company in a wave of confusion over Coke founder Woodruff's return to behind-the-scenes power. Woodruff apparently superseded Chairman J. Paul Austin, in one of the strangest management shake-ups of the last several years.

● **MINOS ZOMBANAKIS**, a close friend of Saudi Finance Minister Sheikh Abalkhail, was a key intermediary in the May agreement between the Saudi Arabian Monetary Agency and Japan for direct Saudi purchase of Japanese treasury securities, the Arab-published magazine *8 Days* reported. Zombanakis heads First Boston Europe.

● **PROF. RICHARD PIPES** of Harvard, a Reagan backer, is having a tough time putting together a Scientists and Engineers for Reagan group. Even some scientific hawks worry that Reagan's commitment to military production "in width" would take everything out of basic scientific research.

● **THE BUREAU OF LAND** Management recently denied permission to a Western oil company seeking to drill for oil on government-leased land, stating that "At this time, available data suggest the noise from around-the-clock drilling operations tends to suppress sage grouse strutting activities." After the Bureau completes its research, which will not begin until 1984, "the data may show that variances of this type may be granted."