Business Briefs

Ibero-America

Debt 'murders,' says Mexican official

The Mexican finance ministry's chief of public credit Angel Gurria called the current 8% real interest rate "murder" for Latin American countries, in an interview with the *Journal of Commerce* published April 17. Continuing to meet debt payments when the cost of money is rising and export earnings drop in the recessed world market is a "mathematical impossibility," he added.

The effect of rising interest rates has brought several Ibero-American countries to the "breaking point," Peru among them, the *Washington Post* acknowledged in an article April 16. "Observers" foresee a possible military coup in that country as a consequence, the paper added. Rumors were picked up in Washington, D.C. the same day that the Peruvian government, which just dropped the two leading monetarists from the cabinet, gave the IMF an ultimatum over the weekend to accept the government's proposed budget by April 18—or Peru will cut off negotiations with the Fund.

Brazilians were told the bankers' conditions for debt "relief" the second week of April by Lazard Frères banker Felix Rohatyn, the man who claims New York City as his leading economic success story. In a long interview to Brazilian magazine *Istoe*, Rohatyn said that state enterprises must be denationalized, the countries opened to the whims of foreign capital, and IMF "adjustment" programs adhered to over the long term, if countries expect to get their debts rescheduled on a long-term basis.

Industry

U.S. Steel heralds ban on subsidized steel

Pennsylvania Commonwealth Court President Judge James Crumlish issued a ruling April 18 banning the use of most metals produced in nations subsidizing exports for publicly funded projects in the state. Nations whose exports were banned in Pennsylvania include Mexico, Spain, Brazil, Argentina, and South Korea.

The judge also invoked the state's 1968 Trade Practices Act to bar contractors using the products from involvement in public projects for three years.

Crumlish based his decision on findings by the International Trade Commission in a suit filed by Allegheny County Controller Frank Lucchino. The judge claimed that the banned countries' discriminated against Pennsylvania producers by "adoption and or condoning of unfair methods of competition in international trade." Crumlish denied Mexico's petition for dismissal of the complaint on grounds that the court did not have jurisdiction.

A U.S. Steel Corporation spokesman issued a statement from Pittsburgh claiming the ruling creates "greater potential" for Pennsylvania companies to sell steel. "Any action to more vigorously and promptly enforce trade laws . . . [and] that will stem the flow of unfairly traded steel into the United States is a good move," he said.

Pennsylvania, however, already has laws forbidding the use of foreign steel in American products.

A spokesman for the Pittsburgh-based Aluminum Company of America said the ruling would be too hard to enforce.

U.S. Labor

Government dismantled strike-monitoring capabilities

Over the last two years, the Reagan administration has deliberately dismantled the previous barely adequate operations that monitored strikes and labor contract negotiations, *EIR* has learned.

Bureau of Labor Statistics (BLS) directors admit that they could not detect the existence of a strike wave unless it emerged from "major" national contract negotiations. The BLS staff monitoring labor contracts has been reduced by more than 90%, while the office in the Department of Labor (DOL) examining strikes is manned by one person—its director.

Previously, the DOL monitored contracts—both private and public sector—in bargaining units of six workers or more. Now, it only monitors units of 1,000 or more workers! According to Evelyn Traylor, the DOL official monitoring strikes, these changes mean that the department now follows less than 5% of the contracts previously monitored and misses 40% of all strike activity (when measured in man-days lost).

These same officials indicate that all previous strike waves "broke from the back"—there were signs of activity in smaller negotiations that were eventually reflected by the larger national unions, whose leaderships generally resisted strike actions. "We don't have any idea of what is going on out there, really," John Rubin of BLS told *EIR*. "If you find out, please tell us."

European Labor

West Germany faces nationwide strikes

Contract talks between the metal industries and the metalworkers reached an impasse April 17, when both sides refused finally to accept the other's proposals. The union was demanding a 35-hour work week as the only measure that could reduce Germany's unemployment levels by "promising a real increase in newly created jobs." The metal industries insisted on lowering the retirement age to 58.

The metalworkers union has the backing of the DGB, the SPD, the public workers union (OETV) and the printers union. Warning strikes have already involved about 250,000 metal workers throughout Germany, and a vote for a national strike is now on the agenda. If the union got the 75% of its 2.5 million members behind the strike, the 1.2 million-member OETV would follow.

The 150,000-member radical printers union, which struck 30 newspapers on April 13, went out on a limited strike at 20 newspapers April 19 and will vote on striking the 70 most important companies in the printing industry.

Half of West Germany's organized labor force could go on strike simultaneously.

Official figures put unemployment in West Germany at about 2 million, although real unemployment is at least 3 million or more. The 35-hour week is being demanded by the unions in the hopes that the five hours saved will, under a new "flexible working schedule," create some 200,000 new jobs per year.

Austerity in Europe

PCI: austerity not strong enough

The law cutting Italy's Cost of Living Escalator put into effect by the Italian Government on Feb. 14, was allowed to expire by the Italian Parliament April 14, mostly due to the intense filibuster run by Italian Communist Party and the pro-terrorist parties, the Democrazia Proletaria and PDUP.

Ironically, the PCI was not veering from its decade-long commitment to support the austerity policy demanded by the Swiss-based Bank for International Settlements (BIS) and the International Monetary Fund. Indeed, PCI members based their arguments against the decree on the line put forward by Paolo Baffi, the former governor of Bank of Italy and a high-level officer of the BIS. Baffi, along with IMF spokesmen, claims that the measures taken by the Feb. 14 decree will not solve anything: The only solution is to drastically cut the public sector deficit. Such measures would destroy what remains of social services in Italy.

Unemployment in Italy is officially 10% and inflation officially 12%. The rate of economic growth is less than 2%.

U.S. 'Recovery'

U.S. uses more imported oil as demand falls

U.S. imports of crude oil and petroleum products increased 45.7% over year-ago levels, the American Petroleum Institute (API) reported April 18. First quarter U.S. oil imports were 41.4% above the rate for the same period last year. Imports were up to 4.99 million barrels per day of crude oil in March, while imports last year were 3.42 million barrels per day.

While API attributed the increased imports to "economic recovery" and colder weather this winter, oil demand in the United States actually dropped 0.6% during March from a year ago. Demand was 15.39 million barrels a day as compared with 15.48 million barrels a day in March 1983.

Agriculture

Soviets offer Argentina wheat deal

The Soviet Union has reportedly offered Argentina a 10-year low-cost loan to upgrade grain-loading facilities at the port of Bahia Blanca, according to *Feedstuffs* newspaper.

The improvements would upgrade the port capacity from 6 million to 17 million metric tons.

Some trade sources claim, however, that Argentina would have to invest some of its own capital to dredge the waterway, which poses a severe problem in the current debt crisis.

Tim Oviatt of the U.S. Wheat Association called the Soviet loan offer important. The Soviets have to date only imported grain from the East bloc or Asia. The agreement with Argentina, which would increase that nation's exports, shows the Soviets are not planning to stop grain imports for at least a decade.

For Argentina to significantly increase grain exports, however, it will have to increase its fertilizer imports significantly. Argentine farmers apply fertilizer to only 20% of their land, keeping yields low—only 20 bushels per acre. The government only recently removed the tariff on fertilizer imports, stating it hoped to increase imports by 100%.

Argentina's grain harvest is forecast at 39.5 million tons, the second highest on record. The wheat crop, however, at 11.6 million tons, would be sharply lower than last year's 15.1 million tons.

Briefly

- **PROMINENT** gold adviser John McFalls supports "the groundswell for Lyndon LaRouche" in his telephone advisory service, Value Action. The service can be accessed at 206-365-3800.

- **BOB BERGLAND,** Jimmy Carter's Secretary of Agriculture, was appointed executive vice-president and general manager of the National Rural Electric Cooperative Association on April 1. Bergland told the National Farmers Union New Orleans convention that it would be difficult to pass legislation to assure continued financing of rural power and telephone cooperatives. A bill passed by the House that would allow repayment of $79 billion in outstanding loans into a revolving fund rather than to the Treasury faces strong opposition in the Senate and a promised veto by the President.

- **NEW CLAIMS** for state unemployment benefits rose during the first month of April to 338,000, the highest in nearly three months. The Labor Department claimed that the "unexpected jump" was probably due to a "heavy seasonal factor," such as weather.

- **SANDRO PERTINI,** President of Italy, Senate president Francesco Cossiga, Gambian President Dawada Jawara, Italian Foreign Minister Giulio Andreotti, economist Wassily Leontieff, and others participated in a conference on the African food crisis in Rome the second week of April. While one participant claimed that the term "holocaust" for the African famine was inappropriate because this implies "racism," French agricultural expert René Dumont declared that the famine was the result of the usury policy of the World Bank. Dumont also warned of the unpayable debts" of the Latin American nations, which threaten the international banking structure.