

Business Briefs

International Trade

Phibro-Salomon to set speculative funds pool

Phibro-Salomon, Inc. is planning to create a pool of funds for institutions, individuals, and corporations to invest in speculative financing of trade.

David Tendler, co-chairman and co-CEO of the investment banking and trading firm, announced the plan at the firm's annual meeting, the Dow Jones News Service reported May 3.

The fund, Tendler said, could potentially handle hundreds of millions of dollars. It would be built up during the next 12 months.

Currently, at least two insured or guaranteed trade-financing pools exist—one backed by the U.S. Export-Import Bank, and the other by American International Group, Inc.

The fund, which will probably be uninsured, is expected to attract individuals and companies looking for big returns—with potentially big risks. Debt-ridden developing countries, which have had to cut back drastically on imports because banks and multinational corporations have refused to provide trade financing, could be forced to turn to such a pool for assistance.

Tendler said that the new fund would be used for both traditional trade finance and "non-recourse" financing.

In the latter case, an investor purchases goods from an exporter at a discount and agrees to assume the responsibility, and risk, of collecting the obligation.

Post-Industrialism

Pol Pot's teacher stages push for 'sunrise' sector

The Paris-based "World Center of Informatics" is guiding the current reorientation of the French economy away from heavy industry into the new "information and technetronic industries."

The center, set up in March 1982 on the initiative of Jean-Jacques Servan-Schreiber, is training unemployed workers, students,

and labor officials in "interactive informatics." The institute tells workers that "only those who know how to handle a computer will find a job in the future."

This propaganda turns out to be run by professionals in assassination: The center's "scientific advisory board" includes such practitioners as Abdus Salam, co-founder of the Club of Rome, and the anthropologist Georges Balandier, the man who trained the butcher of Cambodia, Pol Pot, and Khomeini's first premier in Tehran, A. H. Bani-Sadr, at his institute.

Among the supporters of the center, who are organized in the "Club of Paris," are Karl Schiller, former West German economics superminister, and Herbert Giersch, the director of the monetarist Kiel Institute of World Economic Studies in West Germany, not to mention Robert McNamara, George McGovern, and Sen. Pat Moynihan.

Labor

Strike wave begins in West Germany

Talks between the West German printers' union and the management of the industry collapsed on May 2, and the union struck against 90 newspapers and publishing companies within a few hours. The strike is not for wage increases, but for a "share-the-poverty" 35-hour work week.

The metalworkers' union, Germany's largest, is also preparing to strike, as two of the most important districts, Hesse and North Baden-Württemberg, where about 800,000 metal workers are employed, voted May 3 for a strike.

While the metalworkers are told that this strike is for job security, the "steel bureau" of the union told journalists that "33,000 jobs in steel will inevitably have to be cut."

The union canceled wage contracts in the steel branch nine months before expiration, leaving the future of 200,000 steelworkers up in the air.

Spokesmen for the steel industry have indicated that they will go for mass lock-outs, and "if people get laid off, it is the fault of the union. Let them try to pull off their strike—we are prepared."

Unemployment

Studies show German 'upswing' is a fraud

The Kiel World Economics Institute in West Germany has checked the Bonn government's unemployment statistics and found that at least 1 million unemployed workers not counted.

True unemployment is not at the official 2.2 million level, but at least 3.3 million, the institute reports.

A comparison by the Federal Bureau of Statistics between the average market-basket of family consumer goods in 1958 and 1983 demonstrated that it costs much more to support a family of four today than it did then.

While the earnings of one person (usually the father) could supply an average family in 1958, today's family depends more and more on more than one wage-earner.

Expenses for food have risen by a factor of 2.5, heat and electricity by a factor of 7, rent and housing by a factor of 8, and basic transportation and information by a factor of 12.

The most drastic increase occurred after 1976, and the effects of rent deregulation passed a year ago have not yet been taken into account.

Bankruptcy Law

German workers will get paid last—if ever

The National Labor Court in Kassel, West Germany, the highest juridical authority on labor questions, on April 30 made a far-reaching ruling. From now on, if a company files for Chapter 11 bankruptcy, the shareholders and creditors will be paid first, the workers last (assuming there is anything left to pay them). Until now, payment of wages had been the first priority.

In view of the drastic increase of bankruptcies—15,000 companies in 1983—this will have a devastating effect on the workforce.

The unions and the political parties have

issued only perfunctory protests against the ruling, which parallels recent decisions by the U.S. Supreme Court and National Labor Relations Board.

Coal Industry

What's up with Hammer's China deal?

One of the more significant features of President Reagan's recent China trip was the signing of a letter of agreement between Occidental Petroleum's Armand Hammer and the Chinese government.

The deal, the largest signed with the West to date, calls for joint development of what could become the world's largest open-pit coal mine in rural Shanxi province.

Potential production, according to Oxy, could exceed 45 million tons per year. The largest U.S. mine yields some 16 million tons per year of a lower grade coal.

Does the notoriously pro-Soviet Hammer's deal with the PRC strengthen a "pro-Soviet" faction inside China? It certainly weakens the potential for healthy development of U.S. industrial collaboration with the Pacific Basin by allowing the group around Armand Hammer to dominate trade deals.

Black Economy

Peruvian leader favors drug legalization

Former Peruvian prime minister Manuel Ulloa, known in Peru as "Mr. Rockefeller," is on the record favoring the legalization of cocaine production. Since the 19th century, he said, "the [economic] possibilities of cocaine have been considered as important as those of tea and coffee. . . . This point of view will open unexpected horizons and will allow entry of most illegal cocaine production into the legal market."

Ulloa, presently a member of the Peruvian Senate and a presidential hopeful, emphasized in an interview to the magazine

Debate 24 published in December 1983 that areas dedicated to the production of cocaine enjoy remarkable social tranquility and economic stability, and that 3-5% of Peru's GNP can be attributed to the cocaine "industry."

Carlos Malpica, a senator from the United Leftist Party (IU), discussed with the same magazine the legalization of the dope trade. Cocaine exports would be Peru's main item of foreign trade, said Malpica; now, he said, it is already "the leading economic resource" in the jungle areas.

Virgilio Roel, an "indigenous" terrorist-intellectual who is tied to various separatist movements in South America, was even more outspoken on the cocaine issue: "The alternative is obvious: Legalize it!"

Public Policy

Skulduggery questions about J. David and Co.—why did it go under?

The question of funds missing from J. David Dominelli's busted trading pool, J. David and Company, reportedly sent court trustees on a "wild goose chase" through Europe in a vain effort to locate the \$112 million Dominelli claims was held in European banks. Dominelli still insists the money is intact, yet he was unable to pay the firm's bills late last year.

Press accounts have suggested that Dominelli was running a Ponzi swindle, promising 40% annual returns through speculative profits, but in fact paying previous investors with new investors' money.

However, senior J. David trader Mark Yarry, one of Dominelli's closest associates, told *EIR* reporters during several conversations in late 1983 that the firm had bet heavily on the U.S. dollar, which rose spectacularly during the fourth quarter of 1983.

Whether or not the stated positions were actually taken cannot be proven, but Yarry demonstrated a sophisticated grasp of factors affecting the markets, including the Soviet Union's role in the markets.

On the basis of such positions, J. David should have made spectacular profits. Then why did it go under?

Briefly

● **ARGENTINE** finance minister Bernardo Grinspun has placed a 9% limit on public- and private-sector salary increases. The move was made in preparation for the reception of a team of economists from the International Monetary Fund, scheduled to arrive in Buenos Aires on May 5 to "assess" the country's economic prospects.

● **MARIJUANA** is on the verge of becoming the number-one U.S. cash crop, according to the National Organization for the Reform of Marijuana Laws (NORML), the chief spokesman for the cannabis lobby. NORML says that the 1983-84 crop can be conservatively estimated at \$13.9 billion. California is ranked first with a \$2 billion crop, Hawaii next at \$1.6 billion. Oregon and Kentucky tied for third, followed by North Carolina.

● **JACQUES DELORS**, the French finance minister, announced May 3 that "the 1985 budget will be far more rigorous than that of 1984." Any stimulus to demand, he said, would only encourage imports and increase France's foreign debt. Instead he recommended a policy that "puts the emphasis on a drastic lowering of inflation, maintenance of the real value of our money and an unstinting search to improve French competitiveness."

● **GAZ DE FRANCE**, the French state gas utility, will ask the Soviet Union for a cut in scheduled gas deliveries to France. The utility reports that it is oversupplied with gas as a result of long-term contracts with foreign suppliers and a domestic decline in energy demand.

● **RAFFAELE MORESE**, a leader in the city of Brescia of Italy's Christian Democratic trade-union federation, the CISL, has called for a reduction of both wages and working hours for his members. He endorsed an end to the cost of living escalator, and demanded a voluntary wage freeze.