

Business Briefs

U.S. 'Recovery'

Collapse of employment in manufacturing

Approximately 338,000 manufacturing jobs have been lost in the United States since Jan. 1, 1985, including 110,000 in September alone, the Labor Department reported in October. The 110,000 loss in factory employment is the worst single month's decline since November 1982.

Additionally, the Labor Department reported that unemployment among blacks rose to 15.3%, from a reported 14% the previous month.

The Labor Department's reported 7.1% unemployment fails to include 1.2 million "discouraged workers," i.e., unemployed workers who supposedly have stopped looking for work, as well as other categories of unemployment.

International Finance

Ibero-American economic integration proposed

An Ibero-American currency has been proposed at the meeting of the Latin American Parliament, which began on Oct. 10 in Montevideo, Uruguay. The parliament's president, Argentine Sen. Luis León, said that the immediate tasks of the meeting of 100 legislators from 19 countries, were "to crystallize the Latin American Economic Community and try to give birth to a common Latin American currency" to facilitate increased trade within the region. "The central idea is to try with lots of imagination and political will to achieve integration."

Leon opened the conference with a call for the creation of a continental Central Bank. "We must elaborate the true integration of Latin America, leaving rhetoric behind, and creating a Central Bank which guarantees the financial discipline of our region." Capital for this institution could come from a "global, equivalent contribution," Leon noted, adding that the initiative would be further elaborated by "our executives, sup-

ported by our congresses."

In a related effort, finance ministers of the Andean Pact countries decided on Oct. 10 to raise the capital of the Andean Reserve Fund (FAR) by \$500 million. Representatives of Peru, Bolivia, Ecuador, Colombia, and Venezuela met in Seoul, South Korea, during the period of the IMF meeting there.

The Colombian spokesman declared that the expansion of the FAR is designed "to transform that institution into an international monetary fund." He said that the fund "could use the Andean peso as a regional monetary unit." The FAR is already giving more monetary support to countries in the Andean region than the IMF.

Mideast Oil

Price collapse destroys jobs

More than one million workers are being laid off in the Persian Gulf because of the crisis in the international oil market, according to a recent study conducted by the U.S. Central Intelligence Agency. Most of these foreign "guest workers" are being expelled immediately.

In a similar study by the International Labor Organization, it was revealed that, for the first time since 1948, there are more Palestinians coming back to the West Bank than leaving it. These are skilled workers, doctors, and engineers, who are being expelled from the Gulf countries. Egyptian officials quoted in the *New York Times* described this as one of the "most critical and explosive developments in our region's modern history."

Africa

South Africa proposes development bank

The Republic of South Africa's finance minister B.J. Du Plessis told the IMF meeting in Seoul that his government has given

"highest priority" to projects of the Development Bank of Southern Africa, which has almost doubled its commitments aimed at improving the living conditions of the poorest people in the region.

"If ever there was a time when man's morality should match his technology, it is now," Du Plessis said. "The challenge . . . lies in caring sufficiently to . . . materially assist developing nations on the road to sustainable growth."

The South African minister also denounced "opportunistic individual banks" whose "precipitate actions" have made the "international banking and monetary system more vulnerable than they have been in some time." He was referring, in particular, to the move at the end of August by Chase Manhattan and other U.S. banks to cut off short-term credit to South Africa. South Africa's response was to declare a four-month debt moratorium on Sept. 1.

The Invisible Hand

International fund for cocaine proposed

Vice-President Julio Garrett Aillon of Bolivia issued a call before the United National General Assembly on Oct. 8 for drug-consuming nations to create an international fund to purchase coca leaves from the developing countries. The drug-producing countries, such as Bolivia, cannot afford to give up the revenues from the drug trade, he said.

Approximately 75% of the official money supply is in the hands of the "drug-related" informal economy.

Garrett Aillon described his proposal as a "new, imaginative, and pragmatic" measure that would be "the most direct and immediate way of attacking the root of evil in the producing countries."

"An international control system would be established in this way without the peasant economy suffering," he said. He claimed that the government could not solve the economic crisis and also "fight the drug trade by itself as well."

The statement bears out *EIR's* warnings in the editorial of the Oct. 4, 1985 issue, that

Bolivia is being turned into the capital of the international drug mafia in South America.

Industry

Sweden phases out shipbuilding

Sweden is about to shut down the last of its shipbuilding facilities. Ten years ago, Swedish shipbuilding was exceeded in the world only by Japanese, and employed 33,000. Now, the jobs of the remaining 11,000 are threatened as Kockums of Malmö is reported on brink of shutting its doors.

No maritime nation has so greatly reduced its shipbuilding capacity so fast. This has all occurred under the blueprint of the socialist government of Prime Minister Olof Palme, which began a process of "asset-stripping" state enterprises, of which Kockums, arguably the world's most modern shipbuilding facility technologically, is the last to fall.

Sweden's share of world market fell from 10% in 1975 to less than 1% currently. In 1977, Gotaverken was transformed into making offshore rigs, while Kockums concentrated on building roll-on/roll-off container ships.

Shipping

Port of Houston grain exports slump

As the major port for the export of red winter wheat from the Midwest, the Port of Houston has been hard hit by the sharp decline in exported grain. Exports are down about 70% at the port so far this year. Rex Sherman, a special assistant at the American Association of Port Authorities in Washington, D.C., said the decline in grain exports is due to a drop in grain purchases by the Soviet Union: "If the Soviets have a good crop, there's not much you can do about it."

He said the Soviets failed this fiscal year,

for the first time in 10 years, to fully meet their obligation to buy wheat from the United States under a long-term grain agreement. Frank Hemenn, manager of the Cargill, Inc. grain elevator at the port, said: "There is no quick fix waiting around the corner. But ours is a cyclical business." Tonnage has fallen off 11% compared to the same period last year, including drops in certain types of crude oils imports and petrochemicals.

GATT

U.S. seeks to export post-industrial society

Reagan administration officials are using the forum of the General Agreement on Trade and Tariffs (GATT) to demand the export of the "post-industrial society" to the Third World. Senior officials are set to meet on Oct. 14 to plan a new round of GATT talks, to secure terms for expanding U.S. markets in the "service sector"—primarily banking, insurance, telecommunications, and electronics.

Third World countries, which are in need of basic industrial and agricultural infrastructure, have responded less than enthusiastically. Brazil, India, and Egypt, in particular, have argued against changing the orientation of GATT arrangements away from development of their goods-producing capabilities. Brazilian Trade Ambassador Paulo Nogueira Batista and Indian Commerce Secretary Prem Kumar said they had no objection to the setting up of an informal working group, but warned against false expectations. They insisted that any new rounds must be restricted to improving liberalization of trade in goods. Egyptian envoy Saad Alfarrargi warned that the inclusion of "alien themes" would split GATT and wreck its credibility.

"We have declared a truce, but we have not signed a final peace treaty," Nogueira Batista said.

U.S. GATT representative Peter Murphy retorted: "Brazil and India represent a minority view and we shouldn't focus on them so much."

Briefly

● **THE IMF** is offering Mexico \$300 million in emergency post-earthquake aid, according to IMF and Mexican officials in Seoul. This equals precisely 10 days of Mexican interest payments. Not a single banker has suggested that interest payments, which total \$13 billion a year, be redirected into reconstruction efforts.

● **LINCOLN LIFE**, the fourth largest life insurance company in the United States, told underwriters to determine if male applicants are "gay" or fall into the high risk group for AIDS. Lincoln Life prioritized single men living in New York, Los Angeles, San Francisco, and other cities. According to the American Council of Life Insurance, which contains 95% of all U.S. life insurance underwriters, this is now standard in the industry. Nine states already allow AIDS questions on insurance applications.

● **THE STATE** Administration of Exchange of China has announced that the new buy-sell range for the yuan is 299.33-300.83 to \$100 U.S. The yuan has been falling steadily over the last year, standing a year ago at 260 to \$100 U.S. One banker commented: "China has caused the yuan to fall because it wants to increase exports and cut imports."

● **DESPITE BRITISH** expectations of massive trade deals with the Soviet Union, promised by Mikhail Gorbachov during his December 1984 visit with Margaret Thatcher, the Soviets have dropped the U.K. and signed with Yamaha of Japan their first large-scale contract to provide 4,000 micro-computers and printers. Moscow claims it wants to use the units in its 150,000 state schools. A secret deal by the British ICI to build a computer production factory in the Soviet Union was blown by a press leak last January.