

Business Briefs

International Credit

French issue global energy development plan

The chairman of one of France's largest banks said today that top French government officials supported a plan he issued for a \$100 billion lending institution to finance global energy development. The banker, Banque Nationale de Paris chairman Maurice Laure, released the plan in a *Le Monde* article on March 4.

The Laure plan, which the banker discussed with Foreign Minister Jean François-Poncet and Finance Minister René Monory before their recent trips to the U.S. and Mexico, would assemble a gigantic fund to finance nuclear and oil development in the Third World. The plan combines features of the year-old world energy program advanced by Mexican President José López Portillo, and the 1975 LaRouche International Development Bank proposal.

Laure stated in the interview that his program is totally opposed to that of the World Bank, the International Monetary Fund, and the Brandt Commission. "The International Monetary Fund is causing trouble with its absurd monetarism," the banker said. "They have a cure that kills the patient."

Military Spending

Weinberger budget: a quick fix?

Defense Secretary Caspar Weinberger told Congress March 4 that the proposed Reagan administration defense budget for fiscal 1982 will be \$38 billion higher than this year's, bringing it to \$223 billion.

The budget would turn the U.S. Army away from traditional conventional forces toward an integrated group of Rapid Deployment Forces-type "special units" for deployment in various regional hotspots. For the weapons component, the DOD proposes a lot of gadgetry that

is very expensive, very prone to break down, and very hard to fix.

Weinberger proposes a large ship-building program that would increase the active U.S. fleet from 456 ships to 600. However, some 50 or more of the "new" ships will simply be those taken out of mothballs, and, according to one Navy expert, "retrofitted with a lot of electronics." According to another defense expert at Honeywell, "in addition to ships, the U.S. will go with the MX missile, the B-1 bomber, and the Trident II submarine."

The B-1 bomber technology is already obsolete, while the ill-conceived MX system will cost more than \$100 billion. This defense expert stated, "If we build the MX, the B-1, and the Trident II, we will have to sharply cut the NASA program. We are not looking for, nor will we get, any major breakthroughs in technology if we follow this course."

Next week's *EIR* will carry an extensive evaluation of the proposals.

Domestic Credit

Weidenbaum: cut money supply 25 percent

Murray Weidenbaum, the head of the Council of Economic Advisers (CEA), told the Senate Banking Committee March 4 that "money supply growth should be cut 25 percent from last year's target levels."

Weidenbaum admitted at the hearings that "we are in a soft economy, that's very clear," in view of the fact that monetary constriction will further weaken U.S. production levels. But, he said, he fully supports the monetarist goal, set by Treasury Undersecretary Beryl Sprinkel, of reducing the U.S. money supply growth rate by 50 percent between 1980 and 1986.

Working in coordination with Federal Reserve Chairman Volcker, the major money center banks are meanwhile very gradually lowering the prime lending rate to best corporate customers to a range of 17 percent. On March 3 the

commercials, led by Chemical Bank, reduced the prime rate from 19 to 18.5 percent. The trend does not affect significantly the credit-availability situation.

Agriculture

Senators vote freeze on dairy prices

In what is being widely advertised as the first key congressional victory for President Reagan's budget-cutting plans, on March 4 the Senate Agriculture Committee voted 14 to 2 to forego the next regular six-month adjustment in the dairy price support level due in April. The full Senate and the House must also approve the decision.

Committee chairman Jesse Helms (R-N.C.) dramatically read a statement from the largest farm organization, the American Farm Bureau Federation, giving broad endorsement to the Reagan "anti-inflation program" prior to the vote. Only Senator Leahy (D-Vt.) and Senator Andrews (R-N.D.) opposed the move. Leahy said that the freeze "breaks a promise to dairy farmers to stabilize their markets" and accused the administration of "changing rules in the middle of the game." Andrews stated only that he had not been sent to the Senate to "rubber-stamp" for any President, "no matter how popular." John Melcher (D-Mont.) voted "present."

The full Senate is expected to consider the matter later in the month, but House spokesmen doubt that the House will be able to consider it before the April 1 deadline. Under the existing law, dairy prices are maintained at 80 percent of parity and automatically adjusted twice a year.

This is the preliminary skirmish in what may be a decisive battle for the entire farm sector. Dairy has been singled out for attack because it is the best of the various commodity programs, which some members of the Reagan administration, notably OMB chief David Stockman, think are completely "obsolete." Stockman and others such as the liberal lobby Common Cause and Naderite

"consumer advocates" have attacked the farm programs as "subsidies" and "boondoggles" for farmers and "ripoffs" of the consumer.

The administration will present its recommendations for additional changes in the basic dairy program on March 10.

Corporate Strategy

Ford to take Charter off the hook?

Charter Oil Company has apparently found a way to escape further investigation regarding its role in the infamous Billygate affair. Charter had funded Jimmy Carter's brother Billy to secure Libyan oil contracts for the company. Now Charter has announced that it has hired Gerald Ford as a "special consultant" who will tour the world on Charter's behalf.

It is unlikely that President Reagan or the GOP would now welcome an investigation of Charter if a leading member of the Republican Party, former President Ford, could be tainted by the scandal. Some say that whatever Charter is willing to pay Ford is "money well spent."

Water

Northeast drought exposé draws blood

After *EIR* water expert Leif Johnson, speaking for the National Democratic Policy Committee, exposed the Northeast water hoax in a CBS radio editorial reply March 5, one of the hoax managers asked to initiate a "dialogue."

Bob Alpern of the Citizens Advisory Committee on Water Resources and Coastal Management said he found the editorial reply "controversial and provocative." But, he demanded, why not be "more concerned with ground water on Long Island, coastal erosion or polyvinyl chloride pollution in the Hudson River?"

Johnson told the New York radio audience that the New York State Department of Environmental Conservation had helped flush 135 billion gallons, a quarter of New York's reservoir supply, into the Delaware River to "protect fish life." The water hoax was compounded by Mayor Koch's layoff of a third of the water supply employees and failure to pay for spare parts for the Hudson River pumping station.

Alpern is a former traffic and planning commissioner of White Plains, New York, who says he is a volunteer with the Citizens Union Research Foundation. He says the foundation is running the New York City crisis through Department of Environmental Protection Commissioner Francis X. McArdle's office. "They even put out our stuff directly from their office."

The Citizens Union Research Foundation is the second-level coordinator of the Northeast water hoax. It created the environmentalist umbrella group organization to propagandize the "crisis."

Despite a record February rainfall, Alpern said, "This could be the worst drought in 500 years."

Banking

Jake Garn opposes interstate banking

Senator Jake Garn (R-Utah), head of the powerful Senate Banking Committee, told a National Savings and Loan League audience last week that under his chairmanship, the committee will have "a rather large bias against interstate banking."

Garn warned against "undue concentration" of the banking system resulting in 12 or 15 large banks like Citibank, Bank of America, and Chase Manhattan. If interstate banking were allowed, Garn warned, the medium-sized banks would be the ones eliminated.

Regarding the Banking Committee, Garn said it "should do a lot more oversight," which would include the effects on the thrift institutions of the money-market funds sold by brokerage houses.

Briefly

● **RENE MONORY**, the French finance minister in Mexico for talks with Finance Minister Ibarra Muñoz and President López Portillo, said he expects the Arab OPEC countries to make substantial loans to the IMF, adding that these new funds ought to be lent to the poorest countries on softer terms than at present. IMF credit, he stated, "must be accompanied by a true plan that permits these countries to take off economically." He called on OPEC and the industrialized nations to finance agricultural, mineral, and other development projects.

● **BRAZIL** has already obtained 20 percent of its 1981 financing requirements as international banks got on board a lending boom that began with a \$1.4 billion French nuclear export-related loan.

● **U.S. FACTORY** orders in January dropped 0.3 percent, in the first drop since last summer. Construction fell 4 percent.

● **HAL TAYLOR**, a former writer for the *New York Times* and *Wall Street Journal*, says it is unfair to assume that Republicans invented the policy of subminimum wages for youth under 18. In the March 15 *Journal of Commerce*, Taylor describes the plan as the 1967 brainchild of archliberal Paul Douglas.

● **THE AMERICAN** Constitution mandates Congress to "promote science and the useful arts," states the Fusion Energy Foundation in a National Science Alert to its 15,000 members, American scientists, and the public at large. The message charges that OMB Director Stockman and his misguided backers threaten to end the United States' 200-year tradition of progress and scientific leadership through their budget cuts, especially in the fields of applied and fundamental science.