

Business Briefs

U.S. 'Recovery'

Late mortgage payments and foreclosures rise

Late mortgage payments hit an all-time high in the third quarter—5.86% of the 9.2 million homes loans surveyed, the Mortgage Bankers Association reported. A late payment is one at least 30 days past due. The chief economist for the Mortgage Bankers Association said that the slowdown in the increase of housing prices (actually home prices dropped from \$99,400 in September to \$93,700 in October) has made it difficult for those behind in home payments to sell their houses.

The Federal National Mortgage Association, the nation's biggest supplier of home mortgage funds, reported that 6.3% of their conventional mortgages were delinquent or in foreclosure in their third quarter, up from 5.4% in the second quarter. The late payments and foreclosure is bankrupting the mortgage-insurance industry, whose losses, as a proportion of premiums paid, skyrocketed to 79.4% last year from 60.1% in 1982 and only 18.9% in 1980.

The Budget

U.S. deficit is now exploding

The U.S. government's budget deficit is growing at an even faster rate than last year.

In November, the federal government deficit was \$28.46 billion, versus \$21.59 billion for November of last year, a \$7 billion increase. For the first two months of fiscal year 1985, which started Oct. 1, the federal budget deficit is \$57.25 billion, versus \$46.66 billion for the first two months of the fiscal year 1984 budget, an increase of over 20%.

To finance these gigantic sums, the U.S. government sold \$6.2 billion worth of new Treasury 4-year notes Dec. 27, and will sell \$5.75 billion of new 7-year notes on Jan. 2 and \$4.25 billion of 19-year, 10-month notes on Jan. 3. The heavy sale of government

securities is causing the price of these securities to fall and the interest charge to rise.

The deficit explosion is a political time-bomb which Wall Street bankers intend to explode against President Reagan, to force him to cut the defense budget and abandon his Strategic Defense Initiative. The Wall Street-London crowd that runs the Bipartisan Budget Appeal budget-cutting group has predicted that Treasury bond prices will be forced downward, and a controlled financial panic will erupt unless President Reagan shows that he can get the budget deficit under control.

Oil

OPEC establishes self-policing body

Eleven of the 13 member states of the Organization of Petroleum Exporting Countries (OPEC) agreed on Dec. 27 to the creation of a self-policing body that would report on and expose any variance by OPEC members from the official oil price and production quotas set. OPEC has set these quotas to prevent further drops in the price of oil, which has been kept at \$29 per barrel for marker light crude only by OPEC's 1984 three-million barrel-per-day production cut.

Great Britain and Norway, neither of which are OPEC members, have been dumping oil on the spot market in an attempt to break the OPEC price. These two countries have been joined, from time to time, by Nigeria, and in general there has been widespread cheating on the quotas by OPEC nations themselves.

Great Britain is pushing the price of oil down in order to create havoc in the Middle East. The Soviet Union is also dumping oil on the spot market, where the selling price for marker light crude is \$1.50 to \$2 below the OPEC posted price. Great Britain and the Soviet Union want to reap the harvest of the Soviets' whirlwind diplomacy in the Middle East and Mediterranean, where from Algeria through Greece and Libya to Egypt and Turkey, the Soviets are fragmenting the Western Alliance. Mass instability in the oil price would heighten the political instability

in the region the Soviets hope to exploit.

This strategy is given support by the oil multinationals, which are abetting the British-Soviet collaboration by running down oil stocks and keeping the world flooded with cheap oil.

International Trade

U.S. protectionism going nowhere fast

For the first time, the Chinese have reneged on their grain deal with the United States, and will not fulfill their order on \$475 million worth of grain. The action is retaliation to measures taken in September by the Commerce Department to close the loopholes on the textile import quota system. This protectionist measure, which hit most American trade partners in Asia, essentially will work to shut down the Chinese textile-export industry, one of China's major sources of foreign exchange.

In the United States, the Chinese refusal to buy grain, will send the grain price spiraling downward, hurting America's farmers even more.

Press reports also indicate that U.S. demands against Japanese exports will be a focus of the meeting between President Reagan and Prime Minister Nakasone of Japan on Jan. 2 in California. Secretary of State George Shultz would like to make this controversy the subject of the meeting, shelving discussion of U.S.-Japanese defense cooperation and Reagan's Strategic Defense Initiative.

Agriculture

Canadian legislature declares moratorium

On Dec. 20, the Saskatchewan provincial legislature passed, by an overwhelming majority, a 13-month moratorium on farmland and farm-building foreclosures. Called the "Security of Farm Land in Saskatchewan,"

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the act specifies how "to afford protection to farmers against loss of their farmland." The protection runs from Dec. 4, 1984 to Dec. 31, 1985, but does *not* extend to livestock and equipment.

The high-plains drought in Saskatchewan, on top of the farm-income and debt crisis, has created a farm financial collapse. The new law is a rearguard action to prevent total catastrophe in this wheatbelt region of North America. The measure does not deal with the questions of additional production credits and the current farm grain price collapse. However, the action shows the way for the kind of emergency measures needed in food-export regions around the world to preserve the farm sectors that can provide food for Africa and resume full-scale production.

The number of notices of intent to foreclose filed in Saskatchewan has been soaring. In fiscal 1981-82, there were 196; in 1982-83, there were 282, and in 1983-84, there were 380. From only April 1 to Nov. 30 this year, there were 271. Canadian bankers linked to the "resource scarcity" crowd from the International Monetary Fund and the grain cartels want to shut down whole sections of the Canadian plains food-producing capability. One of the directors of the Royal Bank of Canada has predicted that in the next five years there will be a reduction of farmers in Saskatchewan by 25,000 out of a present total of only 53,000.

Space

NASA budget: good news and bad news

Cuts in funding for the space station will probably not be accepted by the White House since the station was President Reagan's own initiative, according to the Dec. 27 *Defense Daily* and sources at NASA. David Stockman's Office of Management and the Budget (OMB) had proposed cuts of up to one-third for the next three years.

But NASA will not escape the cuts altogether. One target for elimination in the FY 86 NASA budget is funding for aeronautics research. Since 1980, OMB has tried to

make the case that, in the spirit of the "free market," aircraft companies which benefit from the research should pay for it themselves. During the years that NASA pulled out of aeronautical research, the United States lost its international edge in commercial aircraft technology.

Also slated for budgetary attack are new starts that NASA has planned in the planetary exploration program, such as the Mars Geo-science/Climatology Orbiter. The planetary programs were put back on a firm footing in 1983 when a NASA advisory committee outlined a series of new planetary starts over the next decade. Eliminating the Mars orbiter would reintroduce chaos into the space-science planning process and delay a program that is a prerequisite for a manned mission to Mars.

Banking

New Jersey bank invades New York

The First National State Bancorporation of New Jersey, notorious for having committed grand larceny against the campaign funds of Lyndon LaRouche, was given approval by the Federal Reserve to cross state lines and set up a limited service bank in New York on Dec. 19. By taking over smaller banks, First National State has recently become the largest bank in New Jersey.

The Fed has initiated the "final solution" for independent U.S. banks by allowing large banks to set up "non-bank banks" in other states. Since the depression, interstate banking has been prohibited by law.

First Jersey has become the first "limited-service bank" able to take deposits to receive a charter from New York State.

Claiming it wants to make the operation of the "non-bank" subsidiaries as difficult as possible, the Fed will maintain restrictions on the new bank's operations which will not be able to link deposit taking with any other subsidiary of the bank holding company or carry on transactions with other affiliates of First Jersey. Nor will the large bank be allowed to assist its New York subsidiary with check clearing and data processing.

● **BETTINO CRAXI**, the Italian prime minister, is planning to increase the face value of the lira a thousand-fold, his office announced on Dec. 23. Craxi said the government will present a bill to parliament in early 1985 establishing the new face value if signs of economic recovery continue. The new "heavy lira," a term first used by Lyndon H. LaRouche in a plan for restructuring the Italian economy on a productive basis, will be worth 52¢.

● **GERALDINE FERRARO** has just signed a \$1 million contract with Bantam Books for her memoirs.

● **SALEN CORP.**, Sweden's biggest shipping company and the world's largest operator of refrigerated cargo vessels, declared bankruptcy on Dec. 19. The bankruptcy is expected to produce short-term chaos in world food shipping markets as creditors move to impound their worldwide fleet of 140 vessels. Salen shipped 30% of world citrus export and 20% of world bananas. It held the exclusive contract to ship United Fruit bananas from Central America to Europe for years, and is suspected in law-enforcement circles of being linked to the world drug trade.

● **LAWRENCE** Livermore National Laboratory in California, celebrated Christmas early this year. On Dec. 19, 1984 Livermore's new, giant laser system, Nova, put 17,700 joules of blue laser light on target within a billionth of a second, representing the most powerful concentration of coherent energy ever achieved. This technological milestone will open up entirely new realms of basic scientific research and development of laser beam weapons. The Livermore achievement came ahead of schedule.