

Business Briefs

Agriculture

John Deere reports heavy quarterly losses

John Deere & Co., the world's largest farm-implement maker, reported on Feb. 19 a \$28.2 million first-quarter loss, citing a 20% drop in sales.

Deere chairman Robert Hanson said that 1985 looked like a "lean year" for his company, particularly because of the "serious financial difficulties" being experienced by farmers.

He said that conditions throughout 1985 would be "extremely difficult," and that the company would be rationalizing operations to cope with the problems.

The Invisible Hand

Resorts lawyer: 'I made a boo-boo'

John A. H. Duffus, a well-named lawyer for Resorts International, said on Feb. 14 that he made a "boo-boo" and "an awful mistake" last year when he said money channeled to the prime minister of the Bahamas had been paid "on behalf of Resorts."

Appearing at the New Jersey Casino Control Commission hearing on license renewal for the Resorts International casino at Atlantic City, Duffus testified about one of two payments made by Resorts International that were passed on to Everette Bannister, a close associate of Prime Minister Lynden O. Pindling.

Duffus said that he merely asked Resorts in 1981 for a \$120,000 advance for legal work, and did not tell them that he wanted the money to loan to Bannister. Resorts immediately gave him the money, and Duffus then loaned \$105,000 to Bannister. Duffus said that he had no idea at the time that Bannister had immediately passed on \$91,000 to a contractor building a house for the prime minister.

When Duffus was questioned in the summer of 1984 about the transaction by a law-enforcement official, he says, he was

"in a very highly nervous state," that his mind "was a complete blank. . . . I didn't know what the entry was all about." He checked his records and found entries for \$120,000 from Resorts, his \$105,000 check to Bannister, and an item showing \$15,000 in legal fees to himself. Because the items were listed together, he told the official that the payments "must have been paid to Mr. Bannister on behalf of [Resorts.]"

Duffus reports that he was told by the Resorts International executive who had given him the \$120,000 to "go to the commission . . . and put this matter straight right away."

International Credit

London economic circles warn of coming crisis

Leading City of London investment advisers are privately expressing their conviction that the international monetary system is moving into an unprecedented crisis. One monetary analyst for a leading London stockbrokerage told *EIR* on Feb. 21 that U.S. Fed chairman Paul Volcker's Feb. 20 declaration that the Fed will not "liberalize" further and print more dollars to increase money supply has created a "very nervous market."

This source pointed to the sharply rising differential between the more or less stable interest rate for U.S. Treasury bills and that for three-month Eurodollar deposits, which are the primary source of refinancing for international banks' debts. Three-month Eurodollar deposits, this source noted, have risen from 8 $\frac{1}{8}$ % to 9 $\frac{3}{8}$ % in one week. "I am watching this indicator very closely. We saw a similar rise just before the bailout of Continental Illinois last year," he stressed.

A London adviser to "leading European banks" went further. "After Volcker's announcement yesterday, things look bad. We are facing major liquidity problems triggered by the LDC debt and the domestic U.S. debt problems, especially farm debt. One of our leading clients who has just made a worldwide tour of leading financial capitals says things are 'very critical.' It's cer-

tainly worse than anyone is saying openly. Our private view is that there is a major danger of a debt crisis. But this is a very sensitive thing to talk about."

Ibero-America

IMF shakes up Argentine cabinet?

Argentina's Finance Minister Bernardo Grinspun and central bank president Enrique García Vázquez resigned on Feb. 19 in what was described as a surprise move. The change took place while an IMF mission was in Buenos Aires attempting to exact compliance from the government for strict austerity targets. Grinspun had reportedly asked the Fund to be more flexible in its demands.

The replacement for Grinspun is current Minister of Planning Juan Sourrouille. García Vázquez will be replaced by Alfredo Concepción, currently the interior commerce minister and a friend and business associate of Grinspun. Sources in Buenos Aires say the shakeup was due to internal turmoil in President Alfonsín's Radical Civic Union (UCR) and "the complete failure of the government's economic policy" which both men had helped to formulate. In recent days, leading figures in the UCR had issued sharp criticism of government economic policy.

Juan Sourrouille is the author of the five-year national austerity plan which proposes to revive the Argentine economy through vastly increased agricultural exports. The *Wall Street Journal* on Feb. 19 reported that Sourrouille "accepted the principles of austerity long before others in the one-year old civilian administration of Mr. Alfonsín, and often conflicted directly with Mr. Grinspun. . . ."

Sourrouille told the press on Feb. 20 that there will be no change in policy from that of his predecessor. But many bankers have expressed the hope that the appointment of Sourrouille means the Argentine government is ready for unflinching wage-gouging. The *Wall Street Journal* wrote: "The change at the helm of Argentina's Economic

Ministry should boost the country's efforts to rein in its runaway economy." The same paper also cited a New York banker saying that Sourrouille would be an improvement over Grinspun, because "he is a foreign-trained economist, reads English, talks sense . . . and isn't a Radical Party hack."

Space Technology

Beam program progress advanced by two years

SDI Director Lt. Gen. James A. Abrahamson described in the Feb. 18 *Aviation Week* how the defense program can be accelerated by two years by making use of NASA capabilities, especially the Space Shuttle.

Abrahamson detailed how the previously canceled Talon Gold project is being revamped for beam defense and accelerated. "Talon Gold started in 1976 as an anti-satellite pointing and tracking problem," Abrahamson said. "Our problem is really quite different. We do not have to shoot one thing going by at an incredible pace; what we have to do is move our own system very quickly . . . stabilize and shoot. . . . Before we were going to fly out in late 1988 or 1989. . . . Now, we will start flying in 1987. . . . We have moved the program forward and started a sequence of two flights per year every year on the Shuttle in pointing and tracking."

His staff is also generating a list of experiments that can be done on defense Shuttle missions. He also hopes to "piggyback some of them on commercial or NASA flights without significant SDI security problems."

It is significant that Abrahamson is moving toward utilizing NASA, in opposition to proposals made by the Heritage Foundation for compartmentalization of NASA, SDI, and space commercialization efforts.

Aviation Week also reported that William W. Hoover, assistant secretary of energy for defense programs, said: "The project that is furthest along is development of the an x-ray laser pumped by a nuclear detonation. . . . Demonstration of technology feasibility through underground testing is

complete, but the project still is in the exploratory development phase to determine whether application of the technology to a weapon system is feasible."

International Development

German official says Bonn must go with SDI

German media reported in mid-February a statement from Washington, D.C. by Lothar Späth, governor of the West German state of Baden-Württemberg, endorsing the Strategic Defense Initiative for its technological prospects.

Späth, who represents the second-largest industrial region of West Germany, concluded his talks with administration officials with a meeting with William Taft and Richard Perle at the Pentagon.

Talking to the press afterwards, Späth said he believed the military technological aspect of the program was still "surrounded by a good extent of fantasy. . . . But even if, after the first five years of research, it would prove to be not feasible for defense, the civilian technological aspects of the program will lead to a new revolution in computer, communication, and laser technology as well as to the discovery of new materials for industrial production. I think that Germany as a highly industrialized nation can't afford not to take part in this program. German industries should cooperate with the U.S.A. in working on the SDI." Späth added that the program was "too important to be neglected."

Corroborating Späth's point from a hostile standpoint, Egon Bahr, the German Social Democracy's main strategic thinker and a leading advocate of the "decoupling" of Western Europe from the United States, wrote an article in his party's weekly magazine *Vorwärts* warning, "The SDI program is more than just militarily relevant—there are also aspects of high technology cooperation that would bind European industries even closer to the Americans than before. Creating a European technology cooperation independent from the U.S.A. would then be made impossible."

Briefly

● **BERYL SPRINKEL**, the new head of the Council of Economic Advisers, holds very odd economic theories. He is a super-monetarist, trained at the University of Chicago, and is closely allied to drug-legalization advocate Milton Friedman. He is one of the chief proponents of the "elevator" theory of the world economy: that ups and downs in the money supply are the determining factor in how the economy functions.

● **COLOMBIAN** President Belisario Betancur called on Feb. 19 for dialogue between the debtor and creditor nations on foreign debt. Betancur said that "in many Latin American countries we have adjusted our economies, with severe and reflexive self-discipline, to necessary limits that are politically erosive. To go beyond those limits will have tragic consequences in the streets and in the fields. . . . Where are the new resources needed to retake the pace of development that will allow countries to progress and to pay? Where is the understanding of the international monetary and financial institutions, and of the private international banks? To seek an answer it is necessary that there be a political dialogue between debtors and creditors."

● **JAPAN**, which holds approximately 15% of the foreign debt of underdeveloped nations, will not exclude a politically realistic and constructive dialogue, a source in the foreign ministry reported one day after Betancur's statement. The source added that the debt is not viewed in Japan merely as an economic matter, but that in some countries it had provoked political and social problems.

● **RADIO MOSCOW** on Feb. 18 featured a program on the crisis of the American family farm. It stated that the farm sector has accumulated "over \$200 billion in debts." The crisis in American agriculture, Radio Moscow emphasized, "is reminiscent of the Great Depression of 1929."