

Business Briefs

Auto

GM sales down 1 million units

Car and truck sales in the United States in 1987 were down to about 15 million units, more than a million below the 1986 record-low of 16.3 million units sold, and General Motors accounted for most of the loss. Truck sales rose for the year, but not enough to offset the sharp decline in cars sold.

General Motors suffered the greatest sales loss, 20.6%. Its sales fell to 3,728,313 units from 4,693,161 units sold in 1986.

Ford was the only automaker to show a net gain in sales. While car sales were down 1% from 2,080,822 to 2,060,834, truck sales were up 5.2% from 1,381,438 in 1986 to 1,453,225 in 1987.

Chrysler has yet to report its sales.

Volkswagen reported a 17.4% drop in U.S. sales, and an 8.8% drop in imports. Nissan gained 127.5% on domestic cars, but fell 18.7% on domestic trucks. Its imported cars lost 17.2%, while imported trucks rose 8.9%. Mazda said its imported cars fell 7.4% and its imported trucks fell 21.3%.

Banking

One savings bank to close each week

The Federal Home Loan Bank Board expects to close about one savings bank a week during 1988, many of them in Texas, according to a report in the *Houston Chronicle* Jan. 3. In January 1987, the liabilities of Texas's 281 savings and loan institutions exceeded their assets. By October 1987, they were \$5.12 billion in the hole.

Obviously, many of these banks should have been closed long ago—except that the Federal Savings and Loan Insurance Corporation (FSLIC), the agency that insures the nation's thrift depositors, didn't have the funds to do its job. Regulators now do have the money, and many thrifts will be closed.

Congress voted the FSLIC a \$10.87 billion bailout, and the FSLIC now plans to

give thrift institutions IOUs instead of cash for repossessed real estate. The real estate the government picks up for these IOUs will be held, rather than immediately sold, to help prop up real estate values.

Rather than sell off sick thrifts to healthy thrifts one by one, groups of thrifts will be sold, under standardized terms, says the report. Since the sick thrifts are paying high interest rates to attract deposits, the FSLIC expects that the closing of many thrifts will reduce interest rates paid by all Texas thrifts.

Commercial banking is in little better shape. At least 275 U.S. banks failed in 1987, although the Federal Deposit Insurance Corporation officially reports only 184 bank failures, compared to an official 138 in 1986, 120 in 1985, 79 in 1984, 48 in 1983, and 42 in 1982.

Again, Texas led the nation with 50 failures in 1987, followed by Oklahoma with 31, Louisiana with 14, Colorado with 13, and Minnesota with 10.

However, adding in the "assisted transfers" of ownership to official failure figures brings the numbers up a bit. There were 19 official assisted transfers. Also consider the assisted transfers of two Texas bank holding companies: First City Bancorp. had 61 banks, and BancTexas Group had 11. Thus, the FDIC counted these as two, failing to count 70 banks. Adding those brings the total to 273. Throw in two private Texas banks which failed but did not involve the FDIC, and the total number of bank failures in the United States in 1987 was 275—at least.

East-West Trade

Fewer restrictions on goods for Soviets

The U.S. Commerce Department plans to relax the list of security-restricted items, so that more so-called "low-technology" goods can be exported to the Soviet Union, according to Acting Commerce Undersecretary Paul Freedenberg.

Freedenberg told the *Baltimore Sun* that a high-level meeting is to take place in late January between top officials of the United

States, Japan, and the NATO countries, to tighten up regulations on the export of high-tech goods to the East bloc.

In exchange, the United States will loosen up its restrictions on less-advanced items, such as personal computers. "The Russians still don't make a good one," he said, "but that doesn't mean we can't sell them one."

AIDS

A chaste Carnival planned in Rio

Don't indulge in sex during Carnival, Brazil's orgiastic equivalent of Mardi Gras. That is the recommendation of the Brazilian government's National Division of Sexually Transmitted Diseases, in the face of the rapid spread of AIDS in Brazil.

Division head Lair de Macedo said that if abstinence were impossible, Carnival revelers should try to limit the number of their partners and to use condoms. She said that there were 2,900 registered AIDS cases in Brazil in November, triple that of 12 months ago. Brazilian numbers are growing so fast that she felt Brazil has now "surpassed France and Africa" to become second only to the United States in AIDS.

Her World Health Organization figures fail to acknowledge millions of African cases.

The Health Ministry will distribute leaflets at bus stations and show videos at airports when Carnival tourists arrive in February.

Agriculture

Colombia's coffee crop sharply down

Colombia's 1988 coffee crop will collapse by as much as 80% in some areas due to rust and other diseases, the president of the National Committee of Coffee Growers, Mario Gómez, has announced. Hardest hit will be

the growing regions Risaralda, Caldas, Quindío, and Norte del Valle.

He said that "paloteo," in which condition the plant dries out because of an excess of fruit, has ruined large tracts. The effects of the disease will not be fully known until February, when the sick plants fail to flower, and a drastic decline in production takes place.

As a result, the 12.4 million bags of coffee beans recently forecast by the government is much too optimistic, Gómez warned. He predicted that coffee production in 1988 will not exceed 10 million bags.

Privatization

Government still wants to sell

Efforts to sell Amtrak and other government-owned assets will be renewed and expanded by the Reagan administration in 1988, despite a hostile congress that will almost certainly defeat such initiatives, according to the *Washington Times* Jan. 4. The newspaper said that such efforts were part of "a long-range strategy to keep the idea alive for future Presidents."

White House budget director James Miller said that he "would anticipate privatization being a major theme" of the FY88 budget. An unnamed senior administration official agreed, saying: "Our privatization effort will be more sophisticated this year and more extensive than it has been in the past."

Some of the enterprises the government proposes to auction off in whole or part to private entrepreneurs are: the National Institutes of Health; waste water treatment plants, federal prisons, tax courts, the U.S. Customs Service, veterans' health care, the Postal Service, and the air traffic control system, according to *Washington Times* leakers.

Some administration officials are downright ideological about it. "We're not looking at privatization as a way of saving money," said Miller. "The reason for privatization is because it is the appropriate way to divide the public and private sectors. . . .

Even in areas where the government finances things, we can utilize the private sector very efficiently."

Dope, Inc.

HongShang expands its empire in Canada

As a result of a complex merger deal between Midland Bank of Britain and the Hongkong and Shanghai Banking Corp., by March 1, the "HongShang" will become the third largest foreign-owned bank in Canada, just behind the subsidiaries of Britain's Lloyds and the United States' Citibank.

The plan, worked out in early December, involves a merger of some of their assets and an exchange of subsidiaries, while Hongkong and Shanghai receives a 14.9% stake in Midland for \$915.3 million.

Midland will be given control over Hongkong and Shanghai's European finance business and commercial banking. Hongkong and Shanghai will assume control of some of Midland's Asian offices. Midland's Canadian assets will be merged with Hongkong and Shanghai's Canadian subsidiary. Midland has \$750 million in assets in Canada. HongShang's buyout will give it total assets of \$4 billion.

"We expect the acquisition should be in place on March 1 if we get our regulatory approvals," said Mr. Cleave, president of Hongkong Bank of Canada.

The HongShang was documented by the best-seller *Dope, Inc.* to be the premier drug-money laundering bank in the world. The evidence there presented led the New York State banking superintendent to reject its 1979 bid to take over Marine Midland bank—only to be overruled in favor of the purchase by Federal Reserve chairman Paul Volcker.

At present, the HongShang is also awaiting Canadian regulatory approval to establish a merchant bank, Wardley Canada, Ltd. Wardley, Ltd. is Hongkong and Shanghai's merchant banking subsidiary, now operating only in Asia. The bank wants to open special branches in southern Ontario. The branches would be identified as affiliates of Marine Midland.

Briefly

● **A CONVERTIBLE RUBLE** for use inside the Soviets' Comecon bloc was hinted at by the chairman of the German-Soviet Economic Roundtable, Aleksei Antonov, in a year-end interview with *Handelsblatt*, the German industry daily. Antonov spoke of new "mechanisms of financing and credit issuing" envisaged by Gorbachov's economic reform plans.

● **PRUDENTIAL-BACHE** Securities has issued a report that states, "We believe it is felt that wealth can be more safely preserved in the currency of a country that displays the will to be militarily strong. . . ." The report's author told *EIR* that he was prompted to this view after former Defense Secretary Caspar Weinberger blamed the October stock market crash on cuts in the military budget. He studied investment, dollar values, and defense spending over years, and found an "amazing" direct correlation.

● **PERESTROIKA** entered a new phase in Russia Jan. 1, as 60% of Soviet industry was brought into a modified "free market" system. In his New Year's Eve address to the country, Gorbachov put heavy emphasis on the "cost-accounting" changes slated to go into effect.

● **BRAZIL'S** minimum wage, at 3,500 cruzados (about \$50), is the lowest in real terms since the minimum wage law's introduction in 1940. The level now equals that earned by garbage pickers and boys who wash car windows on street corners. A Sao Paulo state survey by government and labor also found that the number of manufacturing jobs went down by 211,000 during 1987.

● **PERU** will sell off 40 public companies, earning \$200 million for the state. The sale of stocks at market values on the Lima market has already been authorized. A government spokesman said that only those companies that are profitable will be sold, provided they have no strategic value to the country.