

Business Briefs

Free Enterprise

Gay 'bathhouses' losing their business

One "stockholder" in New York city has reported that homosexual bathhouses in which he is financially involved had only 1,500 "clients" during the week of Oct. 14, a 25% drop from previous weeks. Two of the bathhouses reportedly follow guidelines that Gov. Mario Cuomo's advisory group, "Coalition for Sexual Responsibility," suggested—considered by some an alternative to shutting the operations down entirely.

The bathhouses are proven centers for the spread of the deadly disease AIDS.

One "adviser" said the houses cleaned up their act because they had "a gun to their head." Owners might band together for a legal fight to avoid closure. In the words of one owner, "If we found somebody being a real pig, we would ask them to leave."

The Invisible Hand

Charges filed against Kidder, Peabody

The Securities and Exchange Commission (SEC) has filed a complaint against the New York brokerage firm of Kidder, Peabody, saying the firm violated federal securities laws when it used \$145 million in customers' securities as collateral for loans and short-term investment contracts made on the firm's own behalf in the spring of 1984.

Ira Sorkin, SEC New York regional director, provided the information to the press; Gerard Miller, Kidder Peabody vice-president and director of operations, was named in the SEC complaint.

Meanwhile, the *New York Post* is continuing its attack on the bathhouses. Ray Kerrison writes, "The politicians in this state become utterly paralyzed at the prospect of having to take any action against the gay community." Two reasons, he suggests: 1) The gays have power, and 2) New York City seeks to "impose preferential rights for a minority, in defiance of the constitution."

"Why did District Attorney R. Morgenthau [go after the] Mayflower Madam . . . even as he allowed 10 homosexual bathhouses to flourish in this city? . . . Are these the moral standards of this community? Is this what the voters want? They have their chance to express their opinions at the polls next month."

Trade War

Bush criticizes Japan; Japan responds

Vice-President George Bush criticized Japan, during an Oct. 15 address in San Francisco, charging that Japan's regional governments had banned the purchase of U.S. telecommunications equipment. Bush cited this as an example of unfair Japanese protectionism.

The Japanese government responded that one-third of those regional governments have bought foreign computers. The Home Affairs Ministry said that 17 of the country's 47 prefectural governments (36%) have purchased general-purpose computers from foreign manufacturers, including IBM of the United States.

Operation Juárez

Alva Castro: The banks are in last place

In Tokyo on Oct. 15, Peruvian Finance Minister Luis Alva Castro reasserted that private banks are at the end of the line when it comes to the \$320 million Peru will pay for debt service this year.

"We will pay 10% of our exports, which will be \$3.2 billion this year, for debt service. Ten percent is not a magic number, since if we grow and export more, we will pay more."

He spoke to the press after meeting with the Japanese finance minister.

"We will first pay the World Bank and Inter-American Development Bank, since

that will be positive for our balance of payments." He said the World Bank has already approved \$800 million in loans for Peru.

Commercial banks "already know that before the debt could be paid, there has to be growth. I have asked for their support to grow and pay our obligations."

Alva Castro was in Japan after attending the IMF/World Bank annual meeting in Seoul, Korea. There, he blasted the twin institutions and the post-war monetary system they represent as bankrupt and no longer legitimate, calling for changes which would promote economic growth, not austerity, as the key to the debt crisis.

European Trade

Trade deal signed by East Germany, Italy

In mid-October, the Italian chemical firm Montedison announced a new contract with East Germany: a \$250 million five-year co-operation agreement to supply AHB Chemie Export-Import with chemical products. Montedison will in turn buy a variety of chemical products from East Germany.

According to the London *Financial Times*, "The accord, to run from 1986-90, also calls for technology transfer, exchange of research, and the possible construction of plants of Montedison in East Germany." Two-thirds of the \$250 million are projected to be Montedison sales, the rest will be East German exports.

International Credit

Seaga praises IMF loan policies

Speaking at a press conference in New York on Oct. 14, Jamaican Prime Minister Edward Seaga praised the "soundness of the goals" of the IMF and attacked those governments which are limiting their debt payments to a certain percentage of their income—i.e., Peru—as "counterproductive," since by putting a limit to what one

can pay, one is also putting a limit to what one can borrow, he said.

What Peru is doing is "not a viable way to deal with the problem."

His one minor criticism of the IMF was the length of time for loan agreements with debtor nations; he called for seven-year periods rather than the current three-year terms, saying that three years are not enough for IMF adjustment policies to succeed.

Seaga's Jamaica has a foreign-exchange position now largely based on marijuana exports.

Dope, Inc.

Sunday Times exposes drugs in the Bahamas

A major exposé on drug-running in the Bahamas was published in the *Sunday Times* of London, on the eve of the Oct. 15-22 meeting of the British Commonwealth, taking place in Nassau, the capital of the Bahamas.

The exposé emphasizes the links between Bahamas-based drug runners and both Colombian drug kingpin Carlos Lehder and Cuba-based drug runner Robert Vesco. The *Sunday Times* also reported on the arrest late in the week of Oct. 7 of Nigel Bowe, an associate of Bahamas Prime Minister Sir Lynden Pindling, for alleged involvement in a \$2.2 billion drug-smuggling operation through the Bahamas.

Labor

UAW strikes after rejecting Chrysler plan

After UAW President Ken Bieber, himself a member of the Chrysler board of directors, condemned the economic package Chrysler Corp. presented to union bargainers on Oct. 9 as "woefully inadequate," Chrysler workers "stampeded" out on strike, according to a UPI wire.

Bieber said the offer failed to bring Chrysler workers up to parity with GM and

Ford: Current Chrysler base pay is \$9.62, \$13.23 with cost of living adjustment; GM, \$12.82 and \$13.29; Ford \$12.82 and \$13.29.

The old contract, covering about 70,000 workers, expired on Oct. 15.

The Chrysler proposal was for a three-year contract; the union wanted two-years. The proposal contained no provision to stop "out-sourcing," that is, contracting out work into non-union areas. Workers had demanded a moratorium on plant closings and restraints on out-sourcing.

On Oct. 15, union leaders at Chrysler from around the country were summoned to receive instructions on strike benefits. A contract covering 10,000 Canadian workers also expired on Oct. 15. The Canadians had already halted voluntary overtime to prevent the company from stockpiling.

Chrysler has 46 facilities in 15 states and 6 in Canada. Eight are in Detroit, 11 in other parts of Michigan. Negotiations were resumed on Oct. 18. Pickets went up at all plants Oct. 16, with losses estimated at \$70 million a week to Chrysler. Chrysler had \$20 billion in total sales in 1984, and accounts for 12% of the market. The workers' motto is, "Now it's time to get the gravy instead of Lee Iacocca."

East-West Trade

Fruits of Gorbachov visit revealed

The recent Gorbachov visit to France prouced two signed Franco-Soviet economic deals. The first was a \$50 million contract awarded to the state-owned French auto company, Renault, for machine-tools and robots to modernize the Moskvich car plant near Moscow.

French companies have also been awarded an \$80 million contract to modernize the signal system along the Moscow-Kaliningrad trunk railway.

The rail modernization has important military-logistic implications, since the line forms the bulk of the track connecting Moscow and Russia-Byelorussia with the Lithuanian port of Klaipeda, which will soon be the key Soviet Baltic sea port for supplies destined for East Germany.

Briefly

● **EARL BUTZ**, former U.S. agriculture secretary and presently dean emeritus at Purdue University, said on Oct. 9 that the much-publicized Farm Aid Concert was like "trying to stop empty Lake Michigan with a tea cup." He added that "the farmers' financial condition is no worse than in 1932. . . ." Reassuring?

● **THE SOVIET UNION** sent up six satellites of the Cosmos series simultaneously on Oct. 10. Cosmos 1690 to 1695 were transported by a single rocket.

● **RAJIV GANDHI**, the Indian prime minister, recently attacked the efforts of Indian private industry in technological development: "The record of private industries in India in developing its technology is pathetic. What we are going to stop is rubbishy scientific research which develops products that are easily available in the common market abroad. We are going to develop research which will put India up with advanced nations, and indeed put us ahead in some areas."

● **FIDEL VELAZQUEZ**, head of Mexico's CTM labor confederation, warned Oct. 15 that those who take their money out of Mexico "might have to be characterized as traitors." He was responding to threats from private-sector interests that they will pull more money out of the country, after President de la Madrid's expropriation of urban land in Mexico City. Capital flight reached \$1.5 billion in the first six months this year, one private-sector executive claimed.

● **U.S. BANKS** won a first step into the Japanese market after long negotiations Oct. 15, when the Japanese finance ministry approved Bankers Trust and Morgan Trust operations in Japan. Others are expected to win approval.