

Business Briefs

World Trade

Stockman scorched on Eximbank cutbacks

Senator Russell Long (D-La.) challenged Office of Management and Budget Director David Stockman March 28 on Stockman's proposal for reduced funding for the Export-Import Bank. During hearings held by the Senate Finance Committee, Long stated that overseas markets for U.S. manufacturers of airplanes, nuclear plants, and other high-technology equipment would be grabbed up by international competitors if Eximbank funding support were not available.

Reducing Eximbank funding, Long asserted, was "a short-term gain for the Treasury, but a long-term loss."

Stockman countered by saying that U.S. export policy had to be more "targeted" anyway if it were to work. The idea was not just to export manufactures, but to concentrate exports for "direct head-to-head competition" with particular products of foreign countries offering export subsidies. Stockman also stated that cutbacks in Eximbank would have little effect on U.S. export capability overall since 66 percent of Eximbank funds went to only five or six big companies.

Political Economy

Friedman book gets 'best title award'

The *Los Angeles Times* soft-cover book-review column conferred its "Best Title Award" March 15 on *The Ugly Truth About Milton Friedman*, the critique of Friedman monetarism authored by EIR founder Lyndon H. LaRouche and EIR economics editor David Goldman.

Reviewer Don Strachan comments: "LaRouche and his . . . partner blame Friedman for every economic slump in the United States since the '50s, as well as the fiscal woes of Chile, Israel and Brit-

ain. . . . Just when you're about to doze off, they toss a brickbat at Friedman—such as, 'The Nobel Prize committee must have been drinking nitroglycerin when they gave him the award in 1976.'"

Readers don't seem to have found the exposé boring at all. The first 15,000 run sold out last week, after six weeks in publication. Airport newsstands report that Israeli tourists have been grabbing up the book, apparently because of what Friedman did to Israel's economy as an adviser to Menachem Begin.

Budget

European scientists denounce NASA cuts

In a personal telegram to President Reagan, 31 West European scientists and engineers state: "As Europeans, we have long admired the United States' dedication to the development of science and technology, embodied in the Apollo landing of man on the moon, and more recently, in the admirable McCormack fusion bill for the rapid realization of controlled nuclear fusion as an unlimited energy source for mankind. The well-being and security of the entire world depends on such a continuing commitment of the United States.

"We therefore urge you to reverse the ill-advised and dangerous policy of massive budget cuts in fusion research, in the NASA space program, in science education, and other vital areas of R&D, proposed in the Stockman budget. . . . [The cuts] will inevitably undermine European research efforts in the same areas."

The cuts are "particularly-ill-advised" because "adventurist forces" in the Soviet Union "will not fail to read a reversal of decades of U.S. leadership in basic science . . . as a decisive sign of weakness," the telegram states.

Calling for a "more prudent" solution to budgetary problems, the statement concludes, "Would not a reversal of the present high interest-rate policy, [which is also] injuring our European economies," be a more effective means of

"bringing the U.S. budget and economy into order?"

The 31 signatories head or work with leading astronomical, physics, construction and research companies and foundations in Germany, Italy, France, and Switzerland. They include Prof. Walter Seifritz of the Swiss Institute for Reactor Research; Prof. Ulrich Hanser, director of the Cologne University Physics Institute; Dr. Klaus Leuthäuser, director of the Institute for Scientific-Technical Analysis in West Germany; Prof. Christian Groeber of the Frankfurt University Physics Institute; Prof. Marcel Felden, director of the Institute for Plasma Physics, Nancy, France; Jacques Houbart, editor of *Industrie et Techniques*, Paris; and Prof. Enzo Menapace of the National Nuclear Energy Committee in Italy.

Conference Report

LaRouches pose Europe's 'challenge to Volcker'

A far-ranging briefing on "Europe's Challenge to Volcker" drew 150 U.S. policymakers, foreign diplomats and businessmen, and leaders of the LaRouche wing of the Democratic Party, in Washington, D.C. In attendance at the conference were officials from Commerce, Defense, State, the Eximbank, GAO, AID and other departments and agencies. The March 20 conference was co-sponsored by EIR and the National Democratic Policy Committee, whose national advisory committee Lyndon LaRouche chairs.

Mr. LaRouche warned in his speech that the second phase of the U.S. recession could "Hooverize" Ronald Reagan unless the administration transforms its interest-rate and international economic policies, as Europe demands. Helga Zepp-LaRouche, chairman of the European Labor Party, described in detail the European Monetary System.

Briefly

● **TAKEOVERS** can be halted, according to U.S. law, if the unfriendly bidder is shown to be a participant in trafficking of funds related to narcotics. U.S. Code #21, 881(A),(B) states that the federal government can additionally confiscate all properties of a firm related to the drug traffic.

● **WEST GERMAN** business organizations are looking forward to Chancellor Schmidt's April 23 visit to Saudi Arabia, for much bigger reasons than military contracts.

● **THE NEUE ZURCHER** Zeitung reports that West German industry thinks that "without nuclear power, the future cannot be mastered." In a lengthy March 17 article on the fight in Germany over atomic energy, the Swiss financial daily reports that industry supports a program, associated with the giant VEBA utility conglomerate, of a 400 percent rise in nuclear-generated power by 2000, based on 600 billion marks total investment.

● **WILLIAM DRAPER III** was nominated by the White House on March 18 to head the U.S. Export-Import Bank. If he is approved, this could install a peculiar advocate for U.S. foreign trade. Draper is the son of Gen. William Draper, the founder of the Draper Fund/Population Crisis Committee, a major promoter of ZPG and economic contraction.

● **OPEC** may agree to introduce an indexed oil-pricing system at its May 25 oil ministers' meeting, or shortly thereafter, according to Kuwaiti oil minister Ali Khalifa al-Saba. The indexation, widely criticized as a proposal that could severely worsen the world economic downturn, would peg oil prices 2 to 3 percent over the average rate of inflation. This might mean a fourfold rise in oil prices over the next decade.

Energy

Japan to go nuclear after referendum defeat

Following the recall of a small town mayor by antinuclear forces, the government and industrial spokesmen of Japan have decided to launch an educational campaign among the population on the need for nuclear power, according to the March 17 *Nihon Keizai Shimbun*.

A vote of 6,300 to 5,800 defeated the mayor, who had agreed to allow a nuclear plant to be sited within the 18,000-person town of Kubokawa, in a special referendum.

At present, nuclear energy provides only 13 percent of Japan's electricity. The government has decided to triple nuclear energy production to 51 gigawatts by 1990. However, obstruction by the Japan Socialist Party, the leading opposition party, had made it difficult to find sites.

If site location difficulties limit nuclear energy production, policy-makers fear Japan will suffer a major energy crunch in the late 1980s.

Austerity Debate

Thatcher 'obsessive' about Tory opposition

British Prime Minister Margaret Thatcher, whose name is now globally synonymous with depression, is reported to be frantic about opposition in her own cabinet to her just-announced austerity budget. Based on 15 percent across-the-board reductions, the budget is officially projected to generate 3 million unemployed, or a 12 percent jobless rate by year-end—worse than during the 1930s.

The London *Observer* reports that cabinet members have been leaking to the press that the budget will never work and adds that Thatcher has become "obsessive" about such leaks. Recently, she told the press that her cabinet opponents are "too leaky . . . to be entrusted with

major political deliberation." The *Financial Times* commented on this, "If factions cannot be reconciled . . . the choice is between sackings and resignations."

On March 13, West Germany's financial daily *Handelsblatt* described Thatcher's budget as "a Brüning budget," referring to Hitler's predecessor as chancellor. By removing all social security and unemployment inflation adjustments, it will reduce income for several million wage-earners by 15 percent at current inflation rates. This follows an average 25 percent drop in living standards since 1975.

The cuts are due to a collapse in the country's tax base since Thatcher unleashed her infamous experiment in "Friedmanite" economics, and drove industrial output down 21 percent. The reduction of tax revenues has driven up the deficit by \$10 billion to \$30 billion. In American terms, this would be equivalent to an increase in the federal deficit from \$100 to \$150 billion per year—about double the current U.S. government deficit.

Corporate Strategy

St. Joe's Mineral cites Seagram's dark past

St. Joe Mineral Corporation, a leading U.S. producer of tin and lead, sued Seagram & Sons March 16, to prevent an attempted Seagram takeover. St. Joe accused Seagram of standing "illegal activities" and failure to disclose the activities of the Bronfman family that owns Seagram's.

The suit cited "Seagram's long history of illegal activities in the United States, including illegal political contributions and illegal payments to state liquor officials, and numerous violations of federal tax law and liquor laws, including 33,000 violations in Pennsylvania alone."

The suit further accuses Seagram of "false and misleading" statements in its takeover bid, which failed to disclose information regarding the integrity of the Seagram management and its control by the Bronfman family.