

Business Briefs

Israel

Peres sets up council on science policy

Israeli Prime Minister Shimon Peres has created a national council for research and development to "propose scientific policy for the advancement of the economy and society, to recommend a scale of priorities in national scientific research, and to advise the minister of science and development," the *Jerusalem Post* reported May 12.

The council is chaired by Prof. Shalom Abarbanel of Tel Aviv University, and includes 29 top scientists and industrialists. Its opening session took place in Peres's office on May 11, and the *Post* noted that this was "the first time in many years that a premier had attended the first session of a new council."

In his address to the group, Peres strongly defended Israel's decision to join the U.S. Strategic Defense Initiative program, saying, "If the Soviet Union would stop being the major supplier of missiles around the world, Israel would stop trying to develop weapons against them."

Peres also said that he hoped the next government budget would give higher priority to scientific research and development, admitting that the present budget is inadequate. Peres urged industry to initiate more projects promoting science.

Agriculture

German farmers hurt by Chernobyl scare

West German farmers have suffered at least 1 billion deutschemarks (about \$45 million) in damages as a result of the Chernobyl radiation scare, as panicked consumers boycotted fresh vegetables and hoarded canned goods. Especially hard hit are the "vegetable belts" along the rivers Rhine, Main, and Neckar, and the dairy-farming regions in Bavaria.

Farmers are enraged at the failure of the Bonn government and the Brussels Euro-

pean Commission to help them. The government of Chancellor Helmut Kohl has offered a scanty 210 million marks in compensation. Said a spokesman for the German Farmers Association to *EIR*: "This is no more than charity; it won't help many farmers who are already at the brink of bankruptcy." He said that the Chernobyl crisis had added "to the many other blows we German farmers have received over the past few weeks, because of the bad agricultural policies in Bonn and Brussels."

The European Commission has refused to pay any compensation to farmers for Chernobyl-related income losses, or to sue the Soviet Union on their behalf. As stated by a spokesman for European Agro-Commissioner Franz Andriessen, paying compensation would be "against the general policy of decreasing subsidies."

The same European Commission, however, just sold 150,000 tons of beef to the Soviets, for only 1.20 deutschemarks per kilogram—compared to the average price for West European consumers of 8 deutschemarks.

International Trade

Bishops' council proposes common market

A proposal for an Ibero-American common market and monetary system has been sent by the head of the Chilean Bishops' Council to the Presidents of the countries of the continent.

The plan calls for creating a Latin American Monetary Financial System, based on a common currency called the ALA (Alliance of Latin America). The ALA would be used for payments between countries and as a reserve currency. This, the authors say, would isolate the continent from the crisis of the financial system based on dollar debts, "a system which is inefficient and unjust for it and the Third World."

The plan would also lay the foundation of a new international monetary and financial system, and calls for a system of close coordination of Ibero-American banking institutions.

Austerity

Strike in Argentina will protest IMF plan

The Argentine General Confederation of Labor (CGT) will call a general strike on June 13 in protest against the government's harsh austerity policies. Argentine workers have lost a full 51% of their buying power since the government introduced its Austral Plan on June 13, 1985.

The Austral Plan is an economic restructuring of Argentina adopted by President Raúl Alfonsín, supposedly as a way of fighting against International Monetary Fund austerity, but actually a not-so-disguised way of imposing that austerity on the economy. The plan is wrecking the Argentine physical economy, affecting even the nation's food-producing capacity.

Saúl Ubaldini, the labor federation's head, said in announcing the strike, "In that way, we workers will express our repudiation of the [Austral] plan which for one year has been deepening the misery of the people."

In Mexico, meanwhile, industrialists are pleading that the government not take "desperate measures," such as the rumored Azteca Plan, a Mexican version of the Austral Plan. The National Confederation of Chambers of Industry stated that such adoption would trigger a depression that Mexican industry could not survive.

Protectionism

Reagan may protect machine-tool producers

After a two-year drive by industry representatives to persuade the Reagan administration that the U.S. machine-tool industry is endangered, the President decided in mid-May to limit to six months the effort to arrange voluntary limits on machine-tool imports. If a solution is not reached during that period, more dramatic action will be possible.

Imports now make up half the U.S. machine-tool market.

"We're pleased the administration has finally supported not just a business decision but something for the nation's security," said Rep. Lynn Martin (R-Ill.). Rep. Nancy Johnson (R-Conn.) said that one useful aspect of Reagan's decision is that \$5 million a year will be set aside to help the domestic machine-tool industry improve its manufacturing and design.

The specialty steel industry also appealed to Congress on May 20 for new laws—and more stringent enforcement of existing ones.

The steelmakers, backed by the United Steel Workers (USW), particularly attacked the huge amount of steel imports from the European Community in the first quarter of the year. "The EC crammed 247,000 tons of stainless sheet and strip products into the U.S. market in the 1986 first quarter for a penetration level of 23.8%—nowhere near the negotiated 3.99% level," complained Richard Simmons, chairman of the Specialty Steel Industry.

Simmons called for "new and stronger trade laws, including quota legislation," to protect his industry from "the interference of foreign governments in the marketplace."

"Loss of market share, far from being a simple numerical abstraction . . . means a loss of . . . jobs and . . . the draining of the lifeblood of communities across America," said USW President Lynn Williams.

Although the cited problems are real, they mainly derive from the wrong valuation of the U.S. dollar; the "solutions" fit into an emerging trade war pattern that will ruin world trade.

Deindustrialization

Britain cuts railroad jobs

Carrying out the government's disastrous privatization policy, Britain's state-run railroad company, British Rail, announced on May 20 that it was likely to cut up to 7,650 mechanic jobs in three years, the second

state enterprise to announce staff reductions in a week.

British Rail, preparing to carry out a three-year restructuring program, said it could cut as many as 5,000 jobs in the next three years. It said this was in addition to 2,650 mechanic jobs cut already announced for this period.

The National Union of Railwayman (NUR) said the cuts were the most savage upheaval in railway workshops since the 1960s, and rejected British Rail's argument that they were the result of a reduced need for maintenance on modern rolling stock. "This is a horrendous prospect," said NUR's General Secretary.

British Shipbuilders meanwhile announced the week of May 12 that it would axe 3,945 jobs, more than a third of its workforce, because of a lack of orders at yards which once supplied half of the world's tonnage.

Petroleum

Norway will meet with OPEC on price

Norway's new oil and energy minister, Arne Oeien, told a news conference on May 22 that he hoped to meet senior officials of OPEC soon to discuss a possible Norwegian contribution to stabilizing world oil prices, Reuters reports. He said that Saudi Arabian Oil Minister Ahmed Zaki Yamani and OPEC President Arturo Grisanti had requested the meeting.

Oeien said he hoped to meet OPEC officials before the organization's next meeting in Yugoslavia on June 25. He added that Britain's ambassador to Norway had requested a meeting with him after Norway called on London to cooperate with OPEC to boost oil prices. Oeien said that the prospect of sending an observer to OPEC's June 25 meeting was not excluded, but had not yet been discussed by the government.

Oeien said that Norway would ease taxes on oil companies operating in Norway to compensate for the loss in revenues due to falling oil prices.

Briefly

● **A PHILIPPINES** central bank official announced on May 21 that talks with the International Monetary Fund on a second standby credit have been delayed because of changes in budget figures. Drawdowns from a \$925 million new money facility offered by the country's creditor banks is linked to successful withdrawals from the IMF standby credit.

● **PERU** will begin importing industrial plants to use radiation for food preservation. About 30% of Peru's food production is currently lost due to post-harvest spoilage. Brazil and Chile already are using low-level radiation processes for food.

● **FEDERAL AVIATION** Administration official Don Engen has asked the U.S. Justice Department to sue Eastern Airlines for refusing to pay a \$9.5 million fine for alleged safety violations. He called for a \$78 million penalty for non-compliance—\$1,000 per violation. Eastern chairman Frank Borman has refused to pay the fine, saying that the safety violations were overstated and the fine "way out of line."

● **JAPANESE** automakers Fuji and Isuzu have agreed to build a \$480 million assembly plant in the United States, in a bid to expand their share of American markets. Fuji, makers of Subaru cars, and Isuzu expect production to start in their joint venture in 1989. The weakening of the dollar against the yen has encouraged the Japanese to build in the United States, in order to reduce the cost of American investments.

● **JOHN DEERE** lost \$33.4 million in the first quarter of this year, and cut production in Iowa and Illinois. Tractor production at the Waterloo, Iowa facility will be reduced by 730 units, and production will be shut down an extra week; there will also be a two-week extra shutdown at Deere's Ottawa plant.