

# Business Briefs

## Israel

### Who benefits from the financial havoc?

The Israeli economy was thrown into turmoil in mid-October by a combined financial panic on the stock market and the new Shamir government's 23 percent devaluation of the Israeli shekel and cuts in subsidies for basic commodities that have led to 50-percent-plus percent increases in the price of food, electricity, and gasoline.

Leading up to the financial measures was massive selling of bank shares and buying of dollars by large foreign shareholders and Israelis.

It is estimated in Europe that the run of bankshares was engineered by the faction around Finance Minister Yoram Aridor, a devotee of Milton Friedman, to create a shock that would help force through the IMF's recent austerity demands.

Large-scale buyers of dollars from the past week will make a financial killing from the devaluation of the Israeli shekel.

In an Oct. 12 editorial, the London *Financial Times* pronounced: "The IMF subjected Israel's economy to cool scrutiny and concluded that there was a pressing need for public spending cuts, for devaluation, and for the sort of austerity measures which the government has now been driven to."

Because of Israel's drastic foreign, especially short-term, debt situation, the *Times* declares that Shamir "will have to impose austerity without driving the best and the brightest out of the country"—he will have to force through the de-indexing of wages from price rises and inflation. Indexing had somewhat shielded Israeli workers from inflation rates of over 150 percent.

Industrialist Yekutiel Federmann told the *Jerusalem Post* that "there should be a state commission of inquiry into the formation, and the present bursting, of the bank shares bubble. . . . Industry, the vital core of the economy, is on the brink of collapse. . . . This government has managed to destroy in a short while what it took 29 years of hard work and sacrifice to build up."

Federmann warned that Israel's financial weakness could gravely affect national security.

## Agriculture

### EPA gives Larvadex the DDT treatment

The Environmental Protection Agency surprised poultrymen and poultry scientists in late August when they announced the suspension of the use of Larvadex as a feed-through lavacide for laying hens. The decision was made even before EPA had completed its risk assessment.

Calling the suspension a "normal procedure," EPA claims that the chemical melamine, a Larvadex metabolite found in many household products, such as dinnerware and food wrappings, was a potential carcinogen.

Having examined the data from the tests in which melamine was fed to rats and mice, a toxicologist with the manufacturer said the chance of a human being developing a tumor as a result of eating eggs produced by hens consuming Larvadex-treated feed would be less than one in 10 billion over a lifetime. A person, he said, would have to eat 1.5 million eggs daily during his life to reach the tumor response level.

EPA director William Ruckelshaus was responsible for the destructive and unnecessary banning of DDT, which, he himself has bragged, had no scientific basis.

## West Germany

### Industry in crisis, 'class war' mooted

"This is the last ship I've built—it is the saddest day in more than 25 years I've been working here," said a worker at the A. G. Wesershipyard in Bremen on an Oct. 5 television program covering the delivery of the

last large ship to be built at the huge West German shipyard.

In the steel sector, the agreement among the 15 biggest producers in Europe broke down Oct. 6 when 7 of the 15 cancelled their participation in the Eurofer agreement. And the Luxembourg-based Arbed steel company has announced the final withdrawal from its 17,000-job subsidiary in the Saar.

The Public Services and Transport Workers Union, Germany's second largest, is threatening to paralyze truck transport with a strike by its 29,000 drivers. The metalworkers' union wants its 2.6 million members to "strike for the 35-hour week, rather than for wage increases."

The 35-hour-week policy is supported by the Social Democratic Party, whose chairman, Socialist International chief Willy Brandt, termed the mobilization for reduced hours a "show of force between capital and labor, the outcome of which will determine the face of this republic by next spring."

Heinz-Oskar Vetter, a Trilateral Commission member and former chairman of the national union federation, asserted that there will be "social unrest" by workers due to unemployment and depression.

The chairman of the left-wing German printers' union, Leonhard Mahlein, stated recently: "It is about time that the class war from above is answered by the class war from below."

## Philippines

### IMF is creating 'outright desperation'

A European banking source confirmed Oct. 12 that the European banks had decided three years ago to cut off lending to the Philippines because it was "badly managed."

European bankers are hoping, he told *EIR*, that Marcos will fall and the Philippines will be "reorganized." At that point lending might resume. He said that after European banks abandoned consortia for the

Philippines, all lending was left up to the American and Japanese banks, but now "the Japanese are being left alone, since the Americans are pulling out."

The banking source noted, "The IMF is demanding that the Philippines cut imports from Japan, and that will hurt the Japanese." Japan relies on the Philippines for various raw materials and other vital factors.

The Swiss daily *Neue Zürcher Zeitung* reported Oct. 12 that the situation in the Philippines has reached the point of "outright desperation" following the decision by the IMF to turn down a request from the government of Ferdinand Marcos in Manila for new credits.

According to *NZZ*, large-scale capital flight is accelerating, and the loan consortia for the Philippines organized by Wells Fargo International and the Bank of America are falling apart.

## Energy Policy

### U.S. scientists support nuclear power

The overwhelming majority of American scientists—89 percent—support continued development of nuclear power, according to a recent survey, and the more they know about energy, the more they support such development.

Only a year after the Three Mile Island incident, S. Robert Lichter of George Washington University and Stanley Rothman of Smith College took a random sample of 741 scientists in all disciplines and a group of 358 scientists in energy-related fields.

The authors, who published their results in a Sept. 15 article in the British magazine *Nature*, say that scientists are "relatively pessimistic about the short-term potential of 'alternative' energy sources such as solar power and biomass."

When asked which groups should have a "great deal of influence over nuclear development," both groups overwhelmingly favored a leading role for energy scientists and engineers. Only 2 percent of the random

sample and 3 percent of the energy sample favored media influence over the issue.

## Labor

### Union-busting pattern: the Nebraska case

Federal Reserve Chairman Paul Volcker's policy of breaking American unions is well under way.

In Nebraska, unions are being shut down by a combination of "right to work" laws and company attacks. The building trades have 200 out of 300 members in Omaha, the state capital, out of work, and they are only doing 35 percent of the low level of current construction.

Omaha is "going back to the 1930s," one unionist reported. "The companies are hiring so much non-union labor at half our wage levels that we're going back to the time when a man used to carry a brickbat around and beat the scabs. And there are so many men unemployed in the area that scabs are filling every job."

Meatpacking and general construction are the only industries left in the Omaha area, he said. He reported that the meatpackers' union has been the worst hit, followed by the sheetmetal workers who do the maintenance on meatpacking plants.

"The worst union-busting is being done by the packing houses. First they demand the unions take a 50 percent wage cut, or they will lay every union man off. Then if the men strike, or they wait till the contract runs out and then let them strike, they just forget about the union entirely and hire strikebreakers. And the men that break the strikes have been out of work so long that they don't fear for their lives.

"The unions are going to be made into the villains and shut down," he warned. What he might have added is that America became the world's greatest economic power by attaining both high wages and high profits through technological progress, and "labor-management" strife is unnecessary in periods of industrial expansion.

## Briefly

● **OSVALDO HURTADO**, president of Ecuador, has issued invitations to Latin American heads of state to convene a summit on the economic crisis on Jan. 9 in Quito, Ecuador. A meeting to prepare the agenda for the conference will be held in November in San José, Costa Rica. It will focus on Latin American nation's vulnerability in energy, food, and other vital economic sectors—the issues discussed in documents released by the Latin American Economic System (SELA) and the United Nations Economic Commission on Latin America (ECLA) in Caracas last month.

● **SLIDE SHOWS** on the economic effects of a Western Alliance beam-weapon defense mobilization and on *EIR's* proposal for Great Projects transforming the infrastructure of the underdeveloped sector are available for a fee from *EIR's* Special Services Department.

● *EIR* sponsored a conference on the world debt crisis Oct. 11 in Milan. In attendance were representatives of every major Italian bank.

● **THE U.S. WORKFORCE** seems to have shrunk to new lows of blue-collar participation. According to the best government figures available, the non-agricultural industrial labor force was 19.7 million in 1982; it fell by 4.5 percent to 18.8 million in 1983. With the addition of highly overstated figures for the agricultural workforce, this indicates that the total level of productive workers is only 22.6 million, a pitiful 20 percent of the entire workforce of 110 million. In coming issues, *EIR* will fill out the picture.

● **CITIBANK** bankrolled the recent legislation in South Dakota prohibiting labor union members from receiving more than 10 weeks' unemployment unless they agree to take jobs below union-scale wage levels. South Dakota is the site of Citibank's "runaway" credit card processing operations.