

# Business Briefs

## Agriculture

### Polish Church to import farm equipment

Poland's Catholic Church has won government approval for a \$10 million, U.S.-funded program to help private-sector agriculture.

Reversing a position maintained during five years of previous negotiations with the Church, the Jaruzelski government granted a tax exemption and customs clearance in July that will allow a Church committee to import millions of dollars' worth of badly needed farm machinery and water-pumping equipment.

According to Church officials, senior Polish authorities also have indicated they could now permit the establishment of a formal, nonprofit foundation backed by the Church. The foundation would institutionalize the aid program and seek to perpetuate it with additional foreign donations as well as business activities inside Poland.

Joseph Cardinal Glomp had ordered the agricultural fund effort abandoned last September, saying five years of negotiations had showed the government unwilling to accept the initiative.

But since the Polish government delivered its bitter denunciations of the Pope at the close of his visit there, Church and state in Poland have appeared eager to move toward new agreements.

## Industry

### EC seeks to savage steel production again

The latest European Commission proposal to slash Europe steel capacities by 30 million tons is expected to be approved at a September Council of Ministers meeting, according to a senior Brussels source interviewed July 28.

"We have had crisis management for eight years," he stated. "We are making the proposal now because the crisis management is not justified anymore. 80,000 peo-

ple must go to unemployment."

The source privately admitted that the sharp downturn since 1985 in EC steel markets was significantly tied to the sharp decline in the dollar.

"The falling dollar, true, is forcing steel revenues to shrink. But we do not want to give this excuse to the steel producers. They must reduce. Is it not better for Europe to export cars than steel?"

## Auto

### Japanese outproduce U.S. . . . in U.S.

Japanese automobile plants in the United States are outproducing their American counterparts by 2 to 1, according to the July issue of *Automotive Industries*.

The national leaders were Honda's Marysville, Ohio plant and NUUMI, the General Motors-Toyota joint venture in Fremont, California, managed by Toyota.

One reason cited for the lower productivity in American companies, is that American companies have significantly more white-collar workers than their Japanese counterparts.

## Debt

### OAU members to limit foreign payments?

The Organization of African Unity will vote to limit member debt payments to 20% of export earnings, reports the London *Financial Times*.

The OAU's annual summit meeting in Addis Ababa, is reviewing a final draft resolution which reportedly will endorse the modified version of Peru's debt approach. The Garcia government there has limited debt payments to 10% of export earnings for more than two years now.

The OAU draft is considered a compromise, after a call by certain African countries for a complete moratorium on the re-

gion's \$200 billion in external debt.

African export earnings in the last several years fell from \$60 billion to \$44 billion in 1986, as commodity prices continued to drop on world markets.

## AIDS

### 'Guerrilla clinics' springing up in U.S.

"Guerrilla clinics" for AIDS victims, which provide experimental drugs not sanctioned by the Food and Drug Administration, have sprung up all across the United States, the Reuter News Agency reports.

There are at least 45 clinics in cities nationwide, and more than 5,000 AIDS patients receive free treatment with DNCB (dinitrochlorobenzene), one of the non-FDA-sanctioned experimental drugs. Another widely-used non-sanctioned drug is AL-721, which can be made at home with egg yolk or soy lecithin, and is distributed in New York City by the "People With AIDS Coalition."

In San Francisco, "Project Inform" provides AIDS victims with two experimental drugs, ribavirin and isoprinosene, obtained from Mexico.

A "hot line" run by the "DNCB Guerrilla Clinics" in San Francisco provides contacts for clinics in cities ranging from Great Falls, Montana, to Manchester, Vermont. All of this activity is technically illegal, as the FDA has approved only one drug, AZT, for use in the treatment of AIDS to date.

## Inflation

### Mexican food prices up 123% in one year

According to a monthly report prepared by the Bank of Mexico on food prices, some basic food items there rose by as much as 296.3% between June 1986 and June 1987. Altogether, food prices rose 123.1%, 36.5% more than in the previous year.

The report notes that prices for clothing, shoes, and accessories rose 123.2%, while domestic gas costs rose 131%. Housing was up 89.8%, telephone service costs 148.6%, and "other services related to housing" 119.3%. Health care costs rose 151.8%.

The Mexican government of Miguel de la Madrid has been dutifully following the dictates of the International Monetary Fund, looting the economy and its labor force to maintain "credit-worthiness."

Fidel Velázquez, the powerful head of Mexico's CTM labor confederation, said in his regular Monday press conference July 27 that the government's pricing policy was unjust for all sectors of the population. He warned that a recent 23% wage hike had been "pulverized" by a recent hike in gasoline costs, which triggered the indiscriminate rise in prices of all basic consumer products. Apparently, he said, the federal government "needs economic resources to meet the demands it has acquired," i.e., debts.

## Energy

### Texas oil output down to 1944 levels

Texas oil production dropped to an average of 1.9 million barrels per day in May 1987, the first time since 1944 that production dropped below 2 million barrels per day. Texas Railroad Commissioner James Nugent said: "The loss of more than 20,000 producing wells last year to low oil prices and severe economic conditions in the oil patch was only the tip of the iceberg. Now the consequences of that devastating loss are being revealed."

He continued: "Between 1980 and 1985, Texas oil production declined an average of 3% a year, despite a record drilling year in 1981. Last year, the rate of decline doubled. We produced 6% less oil than in 1985. . . . Oil prices in the \$20 to \$22 a barrel range will help our stripper well operators hang on, but they won't come close to revitalizing the industry. . . . We can't sit around and wait for the OPEC-manipulated oil prices to rescue the oil industry. We've got to roll up our sleeves and help ourselves at both the

state and federal level. . . . We've got to be innovative. We've got to be bold."

The collapse of oil output in Texas brought with it a collapse in the state's revenues. The Texas legislature passed a record \$38.3 billion two-year budget, which included a tax increase of \$5.7 billion—the largest tax increase in the history of any state. Governor Clements, after months of fighting the needed tax increase, signed the bill into law July 21.

The bill raises the state sales tax from 5.25% to 6%, and adds a number of service-sector items and services to the tax rolls; it also imposes an occupation tax on state-licensed professions; retains a 15¢ per gallon "temporary" motor fuels tax; and boosts corporate-franchise, tobacco, hotel-motel, and insurance taxes. It took two special sessions in 1986, the January-May 1987 regular session, and a 30-day special session ending July 21, to balance the state's budget.

## Steel

### Bethlehem reports quarterly profit

Bethlehem Steel, the third largest steel company in the United States, reported a second-quarter net profit of \$46.8 million—its highest quarterly net profit in six years. This was Bethlehem's third consecutive profitable quarter.

Company spokesmen cited lower costs, in part because of new, more-efficient continuous slab casters for making steel at its plants in Burns Harbor, Indiana and Sparrows Point in Baltimore. Steel prices were up during the quarter, and shipment levels had increased.

Nevertheless, Walter F. Williams, Bethlehem's chairman, was quoted in the *New York Times* saying that there is further need for "restructuring and modernization of the domestic steel industry. . . . Worldwide excess steel capacity and increased quantities of imports being traded unfairly within the President's program also continue to be very troublesome."

In other words, the company is planning to produce less and less steel.

## Briefly

● **THE WORLD WILDLIFE** Fund has entered the Third World debt market. At the end of July, the WWF, representing Europe's titled and other oligarchy, bought up some portion of Costa Rica's approximately \$3 billion foreign debt on the "secondary market," where Costa Rican debt can be bought for about 33¢ on the dollar. The Fund, working with other agencies, then returned the purchased IOUs to the Costa Rican government in exchange for the creation of a huge Guanacaste National Park in north-west Costa Rica.

● **THE PHILIPPINES** Congress has passed a resolution calling for a full inquiry into the nation's debt and the terms of its payment, in order to determine if some of the foreign debt should be repudiated. The Philippines Senate also passed a resolution ordering a review of the debt restructuring agreement with foreign creditors signed at the end of July by the Aquino government.

● **GABON** President Bongo met with President Reagan in Washington July 30. A senior administration official said that the leader of OPEC's smallest country is seeking U.S. investments in its oil and mineral resources. Speculation was that Bongo also brought a message on the debt crisis from the Organization of African Unity summit, whose first two days he attended.

● **THE PRODUCTION**, energy, and planning ministers of Angola were in Moscow in mid-July for meetings with Vladimir Kamentsev, deputy chairman of the U.S.S.R. Council of Ministers.

● **POLAND'S** strongman, General Jaruzelski, told the *Wall Street Journal* July 30 that he is determined to impose new economic policies on his country, featuring a national referendum on a severe austerity program which he called a "painful but imperative step." He also said Poland would need new Western credits to repay its existing debts.