

Business Briefs

Ibero-America

Argentine church, industry slam policy

The Argentine Catholic Church as well as the country's industrialists are growing more and more outspoken in their opposition to the brutal austerity policies enacted by the government of President Raúl Alfonsín at the behest of the International Monetary Fund.

The Argentine Bishops Conference harshly criticized the government's program in a document entitled "The Path of Hope," issued after a week-long conference in Buenos Aires. The document decries the "growing poverty whose effects are accentuated among the most needy classes, overwhelmed for some time with unequal burdens." It observes that workers' wages, "which in a concrete way verify the justice of a system," have been suffering "a constant diminution in . . . purchasing power, in the context of uncontrolled inflation and unemployment."

"Financial speculation, for some time installed in our country," generates "wealth without any effort" for some, and "discourages necessary investment for growth, disparaging human labor, the key to the whole social question. . . . This particularly hurts the poorest, unprotected from the power of the strongest."

At the same time, the ex-president of the Steel Industrialists Center, Salvador San Martín, charged in an April 13 interview that the government program was causing the nation's industry to disappear, while encouraging speculation. Lowering import barriers has lowered consumption of domestically produced goods, collapsing national industry and lowering purchasing power of workers, he said. The real problem, he said, is the financial cost of production due to high interest rates and high taxes.

Arnaldo Etchart, vice president of the Argentine Industrialists Union, charged Alfonsín's government with "technocratic economic authoritarianism" in which technocrats set guidelines for the economy which have nothing to do with reality. He also stated that it is not pro-labor legislation, as many charged, that is hurting industry, but rather a

policy which continually impoverishes them, reducing their purchasing power.

He favorably cited Juan Perón's policy, under which legislation very favorable to workers was combined with an expansionary investment policy, to produce growth that benefited both labor and industry.

Asia

Hammer signs 'joint venture' pacts in China

Armand Hammer, the billionaire Soviet agent who heads Occidental Petroleum, signed two small contracts with Chinese officials in Beijing toward the end of April, according to a report in the *Wall Street Journal* April 26.

One contract created a joint venture to clean coal for export and for use in Chinese coking plants. A second licensing agreement enables Chinese units to obtain Occidental Petroleum technology for making phosphoric acid for fertilizer.

Admitting to "minor problems" encountered in the joint-venture Antaibao coal mine in northern China, Hammer predicted that the coal operation would be operating at a profit by the end of the year.

"In fact, I'm so bullish on our China prospects that we have entered negotiations with our Chinese partners for phase two and phase three of the Antaibao project," Hammer said during a speech to the Beijing chapter of the American Chamber of Commerce.

Oil

OPEC seeks broader producer alliance

OPEC hosted eight non-OPEC oil producers at a meeting in Vienna at the end of April. The meeting's purpose was to forge a new alliance to control oil prices. The method sought to achieve the goal of propping up oil prices, will be a public pledge by all

producers to curtail production. The announcement of the meeting by itself tended to prop up prices, according to press reports.

Texas Railroad Commissioner Kent Hance, who is also George Bush's state campaign chairman, attended the OPEC/non-OPEC meeting in Vienna, and said that he had earlier met with OPEC's president in London to discuss the possibility of Texas taking part in the effort to boost world oil prices by reducing output.

Hance's railroad commission controls Texas oil production, and "could order production cuts in the name of conservation," reported the April 25 *Chicago Tribune*.

Markets

Baker group tries to outlaw crash

A policy grouping led by Secretary of the Treasury James Baker seems intent on imitating the famous King Canute, who ordered the onrushing tides to recede. Baker wants to prevent another stock market crash, by making it against the law.

The Working Group on Financial Markets, set up last month by President Reagan to make recommendations on regulatory changes in the market to prevent another crash like Oct. 19, 1987's "Black Monday," is expected to issue its recommendations in mid-May.

The featured recommendation is expected to be that the future and stock margins be brought closer together. Margins are the percent of the total price that has to be paid in cash.

Other, similar formalities, not touching the underlying causes of the crash or the collapsed state of the real economy, are also expected.

The Working Group is not one that will otherwise inspire confidence. It includes Securities and Exchange Commission chairman Ruder, chairwoman of the Commodity Futures Trading Commission Wendy Gramm, and Federal Reserve Board chairman Alan Greenspan. It is headed by Treasury Secretary Baker.

Meanwhile, as presidential candidate LaRouche predicted, the October Crash has begun to take its toll on tax revenues, making a mockery of state and federal budget projections. California State Finance Director Jesse R. Huff reported April 26 that state income tax receipts are as much as \$800 million below projections. It is such a substantial amount below the anticipated that it threatens to wipe out much of the budget reserve and force massive cutbacks in current as well as future expenditures.

Another member of the Commission on State Finance, however, said that even this is an understatement. He warned that the shortfall could be closer to \$1 billion.

Agriculture

FAO admits famine threat from locusts

U.N. Food and Agricultural Organization (FAO) officials have admitted that the locust plague now affecting Africa and threatening southern Europe will lead to a resurgence of famine in sub-Saharan African nations next year, according to a report in the *New York Times* April 24.

Over the past three years, the FAO has persistently opposed spraying on the scale that would have been required to contain the locust threat.

The *Times* reports that the locusts are unlikely to be eradicated, partly because of the refusal of Western donors to allow the use of the most effective pesticide, Dieldrin. Rafik Skaf, who recently retired as head of FAO's locust control program, told the *Times* that only Dieldrin offers hope of controlling the plague.

The April 8 *EIR* documented the refusal of FAO officials, including Skaf, to permit the kind of large-scale spraying program required. In this, they enjoyed the backing of the U.S. State Department, which threatened to cut off aid to any African nation employing an effective insecticide, ostensibly out of concern for the environment, but in fact out of a desire to see human population in Africa reduced.

The point is underscored by the charges of some Catholic groups in Zaire, whom leading African Catholic leaders meeting in Rome say have prepared a report proving that much of the food aid coming to Africa from institutions like the World Bank contained sterilizing material.

Meanwhile, Italy is mobilizing a special force of aircraft to attack the locust swarms flying north from Africa, reported London's *Sunday Times* April 23. "The locust is a very good flying machine. Swarms could reach the southern coasts of Spain, France, and Italy" an FAO official is quoted.

Some swarms which had been threatening central Italy and Sardinia were killed off by an unexpected cold snap, but the danger remains.

Crash of '88

Schmidt predicts it will happen again

In spite of Germany and Japan pumping money into the dollar, a new crash is probable, former West German Chancellor Helmut Schmidt wrote in an essay in the weekly, *Die Zeit*.

Not only does the dollar remain unstable, but the monetary support for the U.S. currency from the central banks of Germany and Japan has infected the two latter economies with the danger of inflation.

Schmidt concluded that "what happened on Black Monday 1987" may happen again.

The ex-chancellor called for a "double-track monetary system" for Europe modeled on "ancient empires." A European central bank should issue ECUs (European Currency Units) as the reserve currency of the 12-nation European Community, while respective national currencies such as the Deutschmark, franc, guilder, and lira would remain the currency for domestic transactions.

Schmidt cited ancient Troy and the Mycenaean empire, the ancient Roman Empire and later, the European Holy Roman Empire. All used gold-backed currencies for trade, and a silver-backed currency for national transactions.

● **CAR PRODUCTION** capacities will be reduced by General Motors over the next five years to match current depressed sales levels, the company has announced. This is a major about-face for the nation's number-one automaker, which has heretofore insisted that its market share losses were only temporary. Firestone will be dropped as a tire supplier for GM's North American vehicles.

● **THE U.S. GOVERNMENT** filed an official protest with the Vatican against the publication of Pope John Paul II's latest encyclical, *Sollicitudo Rei Socialis*. The encyclical attacked both Soviet-style socialism and "free enterprise" capitalism of the Reagan variety, for excluding morality from policymaking criteria. The protest was filed through the U.S. Ambassador to the Vatican, Frank Shakespeare.

● **GEORGE BUSH'S** banker associate, Nicholas Brady, blamed Japan for the October 1987 stock market collapse. Brady headed the official administration investigation into the crash. He told a meeting of money managers April 21 that massive selling of U.S. Treasury bonds by Japanese investors incited the plunge.

● **SECURITY PACIFIC** National Bank, based in Los Angeles, announced on April 28 that it plans to close up to 10% of its branches, between 40 and 60, within the next six months. The move is a cost-cutting measure. At the same time, the bank is acquiring the 35-branch Hibernis Bank, based in San Francisco, for \$160 million.

● **THE U.S. ENERGY** Department has abandoned the development of a 20-kilowatt modular nuclear reactor designed for military applications. It would have required minimum maintenance and no change of fuel elements for 20 years.