

# Business Briefs

## Labor

### Peruvian government works to settle strikes

The 17,000 mining and metallurgical workers of Peru returned to work on April 7 in Lima, Pasco, Junin, and Ica, after a 40-day strike. They accepted the arrangement negotiated by the new leadership of their union, headed by Secretary-General Marcial Zuniga Vásquez. No details on the contract are yet available. The union has been under heavy pressure from the Shining Path terrorist group, which earlier murdered moderate union leaders after those leaders had worked out a contract to end the strike.

Meanwhile, 12,000 sugar-cooperative workers in northern Peru suspended their strike after holding talks with Agricultural Minister Remigio Morales Bermúdez and Finance Minister Alva Castro.

The minister of agriculture promised to provide a subsidy to the industry, but only if the subsidy is used to enhance production and not to create more bureaucracy. He also promised that the price of sugar and rice would remain fixed, for now.

Doctors in Peru are continuing their indefinite strike—although still giving services in the hospitals. The doctors association is demanding wage hikes similar to that received by judicial workers and magistry.

## Agriculture

### German farmers call for emergency program

At an unruly meeting of 700 angry farmers in Bonn on April 9, the head of the German Farmers' Association, Constantin Freiherr Heereman von Zuydtwyck, called for a "national emergency program" to aid German farmers, including debt relief, according to the London *Financial Times*.

The situation in German agriculture is grim: German agricultural prices have consistently declined during the past year, and

in 1986 farm income is supposed to fall another 12-15% on average, in some regions, by 30-50%.

European farm export markets are being severely hurt by the combined impact of the dollar fall and U.S. export subsidies under the new Food Security Act, designed largely by grain cartel interests under U.S. Department of Agriculture free-marketeer and Cargill man, Daniel Amstutz.

Due to those policies, many fear that open trade war between the United States and the European Community is now looming. The United States has demanded that limitations on U.S. exports to the new EC-member countries Spain and Portugal be lifted. The EC characterized the tone of the U.S. ultimatum as "unnecessarily aggressive."

## International Trade

### Swedish industry looks to the East

A delegation of 70 leading Swedish companies will go to Moscow on April 12, headed by new Prime Minister Ingvar Carlsson, it was announced on April 9 in Stockholm.

The delegation will be led by Wallenberg/Gyllenhammer group companies, among them Nobel Industries, the giant weapons conglomerate now under investigation for illegal weapons smuggling to Iran; Axel Johnson & Co., praised by the Soviet magazine *International Affairs* in January as the "first Western firm" to do business with the new Bolshevik government in 1919; and Alfa Laval, "veteran of Soviet trade since the 1920s."

On the same day, the Swedish press announced that a delegation of Swedish companies, headed by SIAB, a large construction conglomerate, will travel to East Germany as part of a series of "exchanges." According to the reports, part of the exchange with East Germany will include an unprecedented visit by East German President Erich Honecker to Sweden, expected in the summer.

## Defense

### Packard sets new attack on Pentagon

The second part of the Packard Commission report was released on April 7. It demands that the Pentagon cut in half the time it takes to develop and field new weapons by emulating the practices of private industry. Moreover, the 165,000 employees of the DoD involved in research, acquisition, and logistics should be reduced by 10-20%.

Chairman David Packard said that the Pentagon should reduce the lead-time for weapons R&D from 8-12 years to 4-6, and that such a schedule had in fact been maintained for programs such as the cruise and Minuteman missiles. If Congress and private industry are willing to work together, "You're talking about savings in the tens of billions range."

President Reagan and Defense Secretary Caspar Weinberger have already announced their intentions to implement the Commission's first report, which recommended reorganizing the Joint Chiefs of Staff, among other things. There has been no reaction yet from the administration to the latest installment.

## Austerity

### New phase of 'Austral Plan' in Argentina

Argentina's "Austral Plan," adopted in June 1985, is now going into its second phase.

The plan, portrayed by President Raúl Alfonsín as the "last chance" to save the nation, is actually an orthodox monetarist program dictated by the International Monetary Fund as a conditional for Argentina receiving new credits from the international financial community. When the plan was initiated, the government imposed a price and wage freeze accompanied by drastic cuts in public spending.

On April 5, Argentina eased away from its price and wage freeze following a 3.75% devaluation of the currency and an across

## Briefly

● **A JAPANESE** advisory council reported in early April to Prime Minister Yushiro Nakasone, calling for sweeping changes in Japan's economy to diffuse world criticism of its spiraling trade surplus. The committee suggested that it was critical that Japan reduce its trade surplus and recommended changes in tax and housing policies to wean the economy off dependence on exports for growth.

● **THE IMF**, unlike the U.S. State Department, the President's Office, and all other federal agencies, continues to refuse to permit *EIR* correspondents to attend briefings on its activities. On April 8, an *EIR* representative in Washington for an IMF press conference was refused entry, and told: "We don't recognize *EIR* as media."

● **MOBIL OIL** issued a statement on April 4 emphasizing its opposition to disinvestment schemes against South Africa, and announced it is setting up an \$18 million foundation, with two separate trusts: one for the improvement of black education, and the other for small business and rural development.

● **WEST GERMAN** Engineering Industry Association spokesman Peter Jungen warned in Munich in early April that the free fall in oil prices will "drastically" affect West German plant exports to OPEC countries. Jungen pointed to a sharp 7% February decline for new orders for construction equipment and building materials compared with February 1985.

● **NASA**, hoping to boost support for a new shuttle and a mixed fleet of unmanned rockets, may agree to stop launching commercial satellites altogether, according to administration sources. Many senior officials consider it unrealistic to expect private industry to be able to take on responsibility for all commercial and foreign government satellites, and warn that the plan may backfire, ruining the U.S. commercial rocket launching industry.

the board hike in public utility rates. Electricity rates jumped 6% while gas went up 8%. Other utility rates were increased by 5%.

The wage freeze that permitted most workers only a 5% raise in nine months was lifted. But ceilings were put on wage raises for the remainder of 1986—25% for private industry and 21% for state workers.

Under the new currency rates, \$1.00 will be worth 83 centavos, compared with the earlier rate of 80 centavos.

The Argentine economy is also being severely affected by the international collapse of oil prices. According to the Argentine newspaper *La Nación* of April 2, the state-owned oil company, YPF, has approximately \$1 billion in unpaid bills, owed to its suppliers and contractors. The government recently announced an increase in the national gasoline price, which is expected to offset the international price collapse.

YPF's creditors are preparing legal action against the company because of unpaid bills, although no action has been taken yet. YPF is promising to pay debts contracted after Jan. 31 of this year within 30 days.

Simultaneously, the World Bank is sending a delegation to Argentina to sign an agreement for a \$400 million investment in drilling new oil wells, to increase production.

### Oil Crisis

## Texas governor warns of need for protection

Texas Democratic Gov. Mark White went on national television on April 6 to warn of the disaster that will result if the United States doesn't take steps to protect its domestic oil industry.

Repeatedly emphasizing the national security aspects of the oil situation, White pointed out, during an appearance on NBC's "Meet the Press," that the U.S. military is the largest consumer of oil. "What do you think F-16s fly on?" he asked. "If you don't protect the domestic industry, you will turn [the military] to scrap. That's not what our foreign policy should be."

White criticized Vice-President George

Bush for going to the Mideast "on bended knee. We should protect our own oil supply. We are setting a policy that cuts off [America's] ability to have a domestic oil supply." Asked if he favored out-of-state banks taking over Texas's troubled financial institutions, White replied that the banks wouldn't be in trouble if the root problem—the drop in oil prices—were solved, through an tariff on imported oil.

White said that the price of oil "should be exactly enough to prevent closing the stripper wells," approximately \$15 per barrel. *EIR* founder LaRouche has proposed a parity price, allowing for new investment, of at least \$20 per barrel.

### Free Enterprise

## U.S. may sell uranium enrichment plants

Senator Wendell Ford (D-Ky.) said on April 4 that he had been informed by the U.S. Department of Energy that it intends to sell its uranium enrichment plants in Paducah and Portsmouth, Ohio, UPI reports.

Ford called this decision to "privatize" the uranium enrichment industry "as wrong-headed as they come," stating that it would be putting up for sale a key component of U.S. defense, since the plants produce uranium that is used in nuclear warheads.

"Why quibble with the Russians about missile numbers when you are willing to put American nuclear know-how up for the highest bidder?" Ford asked. "This administration has saddled our children and their children with a \$1 trillion debt. . . . Once again, the administration is attacking its uncontrolled problem of self-generated debt with a quick-buck approach. . . . This time it wants to sell a taxpayers' investment that is self-sufficient. . . . It is bad economics and bad public policy and has all the earmarks of not being thought through.

"And when you put the nuclear aspects of the U.S. energy program on the auction block, you are inviting the world—enemy as well as friend—to bid on vital U.S. defense technology," Ford stated.