

Business Briefs

Industry

China seeks joint U.S. auto venture

Beijing plans to set up a joint venture with a major American car manufacturer, China's vice minister of the State Economic Commission, Zhu Rongji, said in Beijing Nov. 25. He said that he would leave for the United States at the end of November for talks with General Motors, Ford, and Chrysler on the possibility of setting up a joint venture to manufacture sedan cars in China.

"I think there is a very good possibility of success," Zhu said. He noted that China already has a joint venture with Chrysler producing American Motors Cherokee Jeeps in Beijing.

Zhu was speaking at a press conference to announce the setting up of a company to provide consultancy services to foreign businesses investing in China.

He noted that one-third of the more than 4,000 joint ventures with foreign companies in China was now turning a profit, but that "another one-third, although operating well," was having problems balancing their foreign currency earnings, while the final one-third was registering a loss.

Medicine

Nuclear filter said to isolate AIDS virus

Scientists at the Joint Institute for Nuclear Research in Dubna near Moscow have developed nuclear filters to isolate the AIDS virus, according to reports the Soviet magazine, *Nauka i Zhizn*. The report was carried in a TASS wire Nov. 11.

The filter is manufactured using a bundle of charged elementary particles, directed at a polymer film, in which thin channels are burned out. This enables the required structure of the filter to be predicted in advance and created.

"Nuclear filters have been used in a prototype system devised in the U.S.S.R. to determine the presence of antibodies to the

AIDS virus," said the report, "with the aid of which carriers of the disease are revealed. The pores in the filters have been selected in such a way that they do not miss the virus, the size of which is about one-tenth of a micron. It is not possible to isolate the AIDS virus by the traditional reticular membranes obtained by chemical means, as it becomes interactive with the membrane material and is impossible to 'tear away.'" But, it added, "the AIDS virus doesn't stick in nuclear filters, and so it can be isolated."

Science

SDI laser means cancer breakthrough

The inventor of the free electron laser, a central technology under development as part of the Strategic Defense Initiative, has told an interviewer that he is certain the very powerful laser will become a standard piece of medical equipment in the treatment of cancerous tumors.

Dr. John Madey, who arranged to address 34,000 participants at a Nov. 27 Chicago conference of radiologists, told a UPI interviewer by phone that the free electron laser, designed to knock nuclear missiles out of the sky, will also be used a few years down the road to destroy cancerous tumors in the human body.

Madey, based at Stanford University, where he oversees FEL development for the Defense Department, said that the laser has already been shown in animal studies to vaporize diseased tissue with pinpoint accuracy, leaving surrounding flesh unharmed.

"We probably have some months or years to go before we start limited clinical trials, but I have every reason to believe this could become a standard piece of medical equipment."

"Therapeutic radiologists and laser physicists might consider it a new way of removing diseased tissue, while military experts hope the laser might knife through the heat shield and armor of enemy missiles approaching the United States from outer space."

He described one animal study, in which the laser drilled a perfect hole about 1/100th

of an inch in diameter through a mouse's liver, without damaging surrounding tissue. "During the ablation process, diseased tissue cells were converted into a puff of smoke," he reported.

Austerity

Germany feels the depression of the '80s

West Germany is currently threatened with massive layoffs in the public transportation, steel, and coal sectors, say representatives of both management and labor in those sectors. Government plans to cut state subsidies in those sectors will lead to 60,000 unemployed in coal and steel over the next two years. Some 90,000 in the feeder industries will also be laid off.

The government in Bonn announced Nov. 19 that not only the 32,000 railway workers who were originally projected to lose their jobs by 1990, but another 90,000 will also have to be fired. The state-run German railway system currently employs 260,000 workers.

Other reports indicating early layoffs in West Germany's export-dependent economy abound. Orders for agricultural machinery are down 22% in the past 12 months, according to a new study. Orders for new machinery by German farmers also declined by 4.3%. After the Black Monday crash, even lower sales are expected in that sector, because highly indebted farmers won't take "the risk of new investment."

As for Third World customers, soaring debts are cited as the main reason for reduced investment in agricultural machinery.

Agriculture

Argentine planting contracts sharply

Agriculture in Argentina, traditionally a world leader in food production, is undergoing sharp contraction thanks to the austerity

policies of the Raúl Alfonsín government.

Private researchers have estimated that the number of hectares to be placed under cultivation for the 1987-88 harvest for certain types of fodder grains will be reduced by 20%. The reduction will apply most heavily to corn cultivation, affecting zones where it is traditionally grown, the provinces of Buenos Aires and Santa Fe. The reduction will be less for sorghum, and there will be some increases for sunflower, and soy cultivation.

The total area under cultivation will be 19 million hectares, significantly down from the 23 million hectares under cultivation a few years ago.

Argentina exports 4 million tons of corn, a little under 1 million tons of sorghum; soy exports are approximately 1.8 million tons, and sunflower 150,000 tons.

The Nov. 15 edition of *Clarín* reported that trade frictions with the United States over exports of vegetable oils and related products, could badly hurt Argentina's \$2 billion in exports in this category.

Contraction is the watchword for all aspects of the Argentine economy, as Alfonsín's ministers duly administer the austerity demanded by foreign creditors and the International Monetary Fund. Real wages dropped 4-6% in October; the drop was all the greater due to a reduction in hours worked as a result of a fall in industrial activity. November's situation is expected to be worse, because wages are now frozen, whereas inflation estimates for November are close to 10%.

According to the government's own statistical agency, INDEC, of the average cost of a monthly consumer market-basket, the monthly wage of unskilled industrial workers covers only 46%; while the wage of skilled workers covers 66%.

Auto

Volkswagen closing its U.S. plant

In 1978, Volkswagen became the first foreign automaker to begin production in the United States. In 1987, Volkswagen announced that it would become the first for-

eign automaker to give up, as sales on the American market continue to fall.

Volkswagen's management has announced that it will close, or, if it can find a buyer, sell its sole U.S. manufacturing plant in Pennsylvania, at a cost of 2,500 jobs.

In March 1988, production of the Volkswagen Jetta will cease; the plant will close permanently in the summer when the last of the 1988 Golfs are produced.

In 1986, General Motors said it would permanently close some or all of its 16 U.S. plants by 1990. Last summer Chrysler took over American Motors, and will close at least one plant.

The Depression

Swiss bankers warn of severe downturn

"We are facing a world depression like in the 1930s," if the danger of an economic collapse is not met by a "generous money supply in time," Swiss bankers Kurt Schiltknecht and John Lademann said in an interview to the West German daily *Die Welt* published Nov. 26. Both men are of Bank Leu in Zurich.

Contrary to U.S. media insistence that Europeans are clamoring for a reduction of the U.S. federal budget deficit, the two bankers conceded that this will do nothing to solve the crisis. "Governments are confronted with a totally new situation we have not seen in the whole postwar period," they said. "Earlier concerns about inflation and the U.S. deficit are beginning to take a back seat."

The bankers recommended that central banks end their tight-money policy and provide the economies of the West with fresh money, because the Black Monday crash has definitely changed the world. "What was right six weeks ago, is no longer valid today. It would make no sense to speed up efforts to reduce the budget deficits. As in the 1930s, this would mean to act in a pro-cyclical way and even increase the danger of a depression. The Europeans should stop pressuring Washington into an early consolidation of its budget. The American budget deficit is of secondary importance now."

Briefly

● **'WIDESPREAD FIRE'** in the financial markets would result "if central banks were to refuse" to continue providing emergency liquidity, said the latest *Economic Survey* published by Munich's Hypo Bank. "Companies and private investors have lost vast amounts of capital through the nosedive on the world's stock exchanges; these losses cannot be replaced."

● **THE IRS** will allow stock market losses to be written off, the agency announced Nov. 23. For every \$1,000 an investor in the 38.5% tax bracket lost, the government will in effect reimburse him \$385 in tax write-offs when he takes his loss—that is, when he actually sells. If in the 28% tax bracket, the write-off would be \$280. The investor can use the money to buy new instruments, but not the same stocks, for 30 days.

● **THE SOVIET EMBASSY** in Washington, is sending invitations to American business leaders for meetings with Mikhail Gorbachov when he visits in early December, *La Stampa* of Italy reports. If an arms-control deal is signed as planned, Gorbachov also wants to conclude five or six big deals with Wall Street. The invitations have gone to executives of Goldman Sachs, Merrill Lynch, Shearson Lehman, Amex; IBM; GM, Ford; Chrysler; Boeing; and Exxon.

● **THE MEXICAN** government, by mid-1988, will have closed or sold off almost 70% of the state-owned companies that existed six years ago, leaving only 141 of 412. Most sold or closed companies are in mining, communications, and transportation.

● **JAPANESE** Prime Minister Takeshita will announce details of an investment fund of about \$2 billion, taken from Japan's current worldwide trade surplus, at the ASEAN summit in Manila Dec. 14-16. The funds will promote capital investment in private companies in Southeast Asia.