

# Business Briefs

## **Bio-Technology**

### **EPA approves use of bacteria against frost**

The Environmental Protection Agency announced in mid-May the approval of a long-delayed experiment by the University of California to reduce frost damage to potatoes by releasing gene-altered bacteria into the soil.

Jack Moor, assistant administrator for pesticides and toxic substances for the EPA, said scientific review shows the bacteria "pose minimal risk to public health or the environment."

Jeremy Rifkin, the leftist whose anti-progress, anti-Christian conceptions have gained much support from misguided fundamentalists and whose suit caused the original delay of this experiment, said he would again sue the EPA, this time for not requiring University of California at Berkeley and other experimenters to have liability insurance against a remote possibility accidents may occur.

Rifkin, "president of the Foundation on Economic Trends," also said he wanted to build local pressure to persuade local officials to ban the experiments.

Earlier this year, a similar experiment on strawberries was banned by an ordinance in Monterey County, California.

## **International Trade**

### **Craxi seeks foreign purchase restrictions**

When Italian Prime Minister Bettino Craxi arrived back in Italy on May 7 from the Tokyo summit, he announced that he would be seeking legislation to require the government and parliament to be "at least informed" when Italian industries or sales networks were sold to foreign buyers.

"I only discovered from the newspapers that Libya had bought 1,700 filling stations in Italy," Craxi said.

The press, which took a critical attitude

toward Foreign Minister Giulio Andreotti, had reported a deal under which the Libyan Arab Foreign Investment Company (Lafico) last January bought 70% of Tamoil, the former Italian branch of the U.S. oil company Amoco.

Lafico also owns a 15% interest in Fiat. The vendor was First Arabian Corporation, a company run by Mr. Roger Tamraz, a Lebanese entrepreneur close to the Gemayel family and backed by Saudi interests.

Twenty percent was bought by the Swiss-based company Seasa, which is linked to Socialist Party member Giorgio Mazzanti, former president of ENI, the state-controlled oil company. Mazzanti who was appointed as head of Tamoil, is a close friend of Andreotti.

## **The Invisible Hand**

### **Two bankers down—but one refuses to go**

Ernest Japhet, chairman and chief executive officer of Israel's leading bank, Bank Leumi, announced his resignation on May 12. A statement issued by Bank Leumi said that Japhet resigned "with great regret."

The resignation comes as the result of the report released in mid-April by an Israeli commission of inquiry, headed by Supreme Court Justice Moshe Bejski, that was an indictment of banking practices in numerous major Israeli banks—Bank Leumi, Discount Bank, Bank Hapoalim, United Mizrahi Bank, and others. The report demanded the resignation of the bank heads, including Japhet.

Japhet's resignation statement attacked the Bejski report for having "failed to seriously relate to the country's economic conditions and the changes in the domestic capital markets" during the past years.

The reaction of another bank president, Israeli Discount Bank chairman Raphael Recanati, is, according to the Israeli press of May 12, an hysterical, "I refuse to go!"

"It could get hot for Recanati," a Jerusalem source told *EIR* on May 13. "First, he's the only one resisting: Bank Leumi head Japhet resigned yesterday, and the reports

are that United Mizrahi Bank head Meir will resign tomorrow.

"Second, his brother has put an ad in the papers calling Recanati a bastard, and saying that what Raphael is doing now is only confirmation of the unethical behavior that led his brother to cut off contacts years back. Third, the word here is that his behavior, if it continues, could be of great harm to his own bank."

## **International Trade**

### **German Exports to U.S.S.R. dropping**

Export orders to the Soviet Union are rapidly disappearing, according to discussions with leading West German industry sources.

The National Statistics Office released figures on May 14 showing that German exports to the U.S.S.R. had dropped 9% for the first quarter of this year.

German Economics Minister Martin Bangemann's highly touted trip to Moscow in April, resulted in no new orders. In fact, according to industry sources, long-discussed talks for export of multi-billion-mark industrial projects from VW, UHDE, and Lurgi are all either being scaled drastically down or frozen. Bangemann has privately argued that export orders to the U.S.S.R. would be jeopardized by collaboration with the U.S. Strategic Defense Initiative program.

## **Debt Crisis**

### **Mexican government scraps steel plant**

Mexico is scrapping Fundidora Monterrey, an old steel rolling plant which employees 11,000 workers, and provides indirect employment to 77,000 others.

The *Wall Street Journal* quoted a U.S. banker that the move "is a quantum leap forward from all those diddly state companies they were selling a few months ago."

## Briefly

The *Journal* concludes, "While unions have remained quiet so far, the massive layoffs that any industrial reconversion will bring threaten to shatter that peace."

This is the first time in Mexico's history, according to the Mexican newspaper *El Financiero* on May 9, that the government has officially declared the bankruptcy of a state company.

A total of 8,000 workers from Fundidora will be "relocated" as a result of the closure.

On May 13, steel workers from the plant held a demonstration in front of the state capital, chanting, "We want work, not severance pay."

The union claims that the declaration of bankruptcy, made by the government on May 2, is technically flawed.

Finance minister Jesus Silva Herzog said the government was scrapping the plant and refusing to honor its debts in order "to continue with the program of internal rationalization of our industrial apparatus. . . ."

### Space

## The U.S. to create a 'Highway to Space'?

A presidential commission will soon release a report recommending a bold, 50-year plan that will pave a "Highway to Space." Entitled *Pioneering the Space Frontier*, the report calls for permanent human settlements on the moon by 2017 and on Mars by 2027.

The study urges Americans to spend \$700 billion on space between 1995 and 2020. Thomas O. Paine, head of the 15-member National Commission on Space, told reporters in mid-May, "The United States should be the country that leads mankind into space."

"The popular feeling out there is to be bold," said Paine, commenting on public reaction at hearings held by his commission around the nation in the past year.

In a related development, Jesco von Puttkamer, a long-range planner at NASA's headquarters in Washington, stated: "If you want to fly to Mars in 2011 and land in 2012, you have to start related advanced technol-

ogy work on the space station in 1993 or 1994."

There is no question that a Mars mission—an estimated 700-day round-trip journey given present propulsion systems—would require technology not yet developed. "The mission duration will be an order of magnitude greater than any previous mission or any other near-term future mission and will require new levels of reliability and maintainability," a NASA report said in 1985.

The Russians have suggested the United States join them in a Martian sample mission. However, Barney B. Roberts, a planner in NASA's Houston office, said the Soviets may be using a Mars proposal as a way of trying to deflect U.S. technology away from the Strategic Defense Initiative.

### Agriculture

## Secretary Lyng's 'message to Europe'

Agriculture Secretary Richard Lyng says that he still plans to retaliate against Europe's quota policies, even though the Tokyo summit produced an historic agreement to reduce farm subsidies.

"We will take some harsh action, and I know there's widespread support for that, and I hope the Europeans are getting the message," Lyng said on May 8.

"From an agricultural standpoint, something necessary and different, and I think historic" emerged from the Tokyo summit, Lyng said to the Commodity Club in Washington, D.C. At the same time, however, he accused the Europeans of having a "rather self-centered agricultural policy" of increasing incentives to production, overproduction, and dumping exports.

American unwillingness to do the same thing, he said, "is bringing these major powers to the bargaining table." The new U.S. farm program, which lowers U.S. prices, is causing concern among rice producers such as Indonesia and Thailand, and among grain exporters such as Canada, Australia, Argentina, and the European Community.

● **THE EUROPEAN** Community is demanding that Spain further cut its production of steel by more than 3 million tons, for a 30% cut overall. This will mean the loss of between 10,000 and 20,000 more jobs. Installed capacity is about 21 million tons, present production stands at under 14 million tons.

● **ATLANTIC CITY** casinos will be allowed to have 24-hour per day gambling for an experimental period of 15 months if the New Jersey State Assembly adopts legislation (A-1946) passed on May 8 by the assembly's committee on Independent and Regional Authorities.

● **THE PHILADELPHIA** Naval Shipyard has slated about 8,000 jobs for elimination over the next 16 months, according to a U.S. Navy memorandum. Six of 18 ships assigned to be overhauled at the yard during the next three years are being dropped, and the work force could drop from 9,211 to 6,200 by the end of September 1987.

● **FORD MOTOR CO.**, the second-largest auto company in the world, plans to eliminate up to 25% of its salaried employees in North America by 1990. The cuts could affect 13,000 jobs, company officials stated on May 8. Since 1983, Ford has closed 15 plants and eliminated about 20% of its white-collar workforce worldwide. The firm is currently expanding joint-product work with the Japanese firm Mazda, allowing the lay-off of further engineers.

● **PEKING** will freeze oil exports to support OPEC efforts to stabilize the world oil market, a senior Chinese official, state councilman Zhang Jingfu, told the *Kuwait Times* in early May. He said that China, Asia's biggest crude producer, would hold oil exports in 1986 at last year's level of 30 million tons, equivalent to 600,000 barrels per day.