

Business Briefs

Research & Development

MITI calls for high-technology plan

Japan's Ministry of International Trade and Industry (MITI) published a report Jan. 31 calling for a 10-year, \$300 billion (in 1975 dollars) government and private investment program in high-technology areas. MITI forecasts that investments in the key areas of microelectronics, biotechnology, and new materials could revolutionize industrial processes and could raise manufacturing productivity by 6 to 8 percent per year, and service sector productivity by 3 percent per year.

The R&D program would have to be combined with a 10-year \$1.02 trillion program of investment in replacement of equipment by industry to reach these productivity levels.

The new areas of proposed investment include fiber optics, for upgrading communications; ceramics and other new materials to replace steel in car engines and other uses; biotechnology for upgrading agriculture and genetic research; plus investment in microelectronics and computers.

MITI projected the following total investments for the decade:

Microelectronics, \$214 billion; fiber optics, \$42.7 billion; biotechnology, \$8.5 billion; new materials, \$12.8 billion; and other, \$21.5 billion.

Technology

Japanese plan to mass-produce satellites

The magazine *Space World* reported in its January issue that the Japanese company Nippon Electric has completed a manufacturing facility in Yokohama for the mass production of space satellites. Nippon is Japan's largest manufacturer of semiconductors.

The factory will be capable of building four satellites at the same time. The satellites will each be one ton and would be launched for communications purposes.

Nippon was the major contractor of 15 out of Japan's 23 satellites. It is also, according to the article, the largest manufacturer of communications transporters and ground-receiving stations in the world.

The first satellite to be fabricated at the Yokohama plant will be Japan's first marine observation satellite. Future satellites will include the Japanese Halley's Comet probe and later Planet-A, which will be the nation's first deep-space mission.

The Nippon facility will be equipped to fabricate satellites, do control testing of the satellite's stabilization capability as well as research and development on satellite systems and satellite antennae.

As the number of developing nations using and purchasing communications, weather, and other satellites increases, the Japanese will undoubtedly fill much of this export market. Until now, the United States has been the major builder of civilian satellites.

U.S. Economy

More recovery 'news' fed into the mill

December factory orders climbed 4.8 percent, the largest gain in two-and-a-half years, according to the Department of Commerce. The boost came almost exclusively from Defense Department orders which spurred 6.1 percent.

The Bureau of Labor Statistics (BLS) reported a two-million person increase in the number of the nation's employed in January. For the first time, they included the members of the armed services in the count of the employed. According to the BLS, this two-million increase in the employed shows the recession is ending.

Lower interest rates are said to trigger an imminent boom in home building, but the Commerce Department says that of last year's one million units constructed, nearly half remain unsold. The nation's inventory of unsold homes is now at six months, while the average price of new homes dropped \$3,000 in the last quarter.

The drop in world trade is the one undisputed set of figures. According to the International Monetary Fund, exports of indus-

trial nations to the industrial nations declined 2.7 percent from the third quarter of 1981 to the third quarter of 1982, but the decline in industrial nations' exports to non-oil producing developing countries declined 12.5 percent in that same period.

Capital Flows

Foreign investment hits record high

Direct foreign investment in the United States was at a record high in 1981, according to the Commerce Department. However, with the exception of some industrial investment from Japan, most of these investments were real straight buy-outs of U.S. estate and corporations.

The Commerce Department cited nine large foreign investments of over \$500 million. Of these, only the construction of an automobile manufacturing plant by Nissan Motor Company will in any way contribute to the productive output of the U.S. economy.

The majority of investments came from Canada, led by a \$6.2 billion acquisition of over 20 percent of E. I. DuPont by the Dope, Inc.-linked Bronfman family, through their Seamans subsidiary.

Other acquisitions included takeovers of banks, hotel chains, and real estate, particularly oil properties.

British buy-outs of American companies and properties was second to those from Canada.

Tax Policy

Farmers must cut cows' productivity

The \$1 per hundredweight assessment tax on milk production to start April 1 means that farmers may have to reduce their cow's productivity.

Cows' diets will have to be changed to reduce costs to the owners because of his loss in revenues. Dairy nutritionist of the

Briefly

University of California-Davis, D. L. Bath, says that "The biggest expense on a dairy farm is cost of feed, amounting to 50 percent or more of the total cost of milk production." The "question naturally arises: What feeding program changes should be made if the price received for milk drops \$1 per hundredweight?"

Therefore, he claims, farmers would have to feed "optimum rations" per cow in order for him not to lose his entire profit. "Profits, if any, will depend heavily on the use of the best feeding and management information available and the skill of the dairyman incorporating this information into an efficient management program on his dairy."

However, Bath claims that many dairy farmers are not yet obtaining maximum feed efficiency and profitability. But since the \$1 tax is being assessed to induce a cut in milk production, it seems that if farmers were getting maximum efficiency from their cows, milk production would increase.

Agriculture

Farm equipment sales decline sharply

Preliminary estimates from the Farm and Industrial Equipment Institute indicate that unit retail sales of farm tractors with 40 or more horsepower through November 1982 were down 25 percent from the same period in 1981, and down 45 percent from the strong pace of three years ago. Relative to a year ago, the downturn in farm equipment sales has sharpened in recent months. Year-to-year declines in unit retail sales of tractors with 40 or more horsepower widened from 9 percent in the first quarter to 29 percent in the second and 30 percent in the third. Combine sales also deteriorated as the year progressed. Unit retail sales of combines were down 39 percent from the year before in the first quarter, 41 percent in the second, and 44 percent in the third.

Tractor sales were down most in Iowa, Michigan, and Wisconsin, while combine sales were off the most in Michigan and Wisconsin.

The downturn in farm equipment sales is also evident for most other categories of

equipment.

Dealers' and manufacturers' inventories are at burdensome levels with respect to the low sales. According to the Farm Equipment Manufacturers Association, 426 dealers closed their doors in 1981 and another 249 did so in the first half of 1982, representing about a 5 percent loss. Experts say this could double for the first half of 1983.

International Debt

Creditors' cartel manages Brazilian loans

The creditors' cartel founded by the British-based Ditchley Group of banks in Washington on Jan. 10 began operations in Brazil in late January. Brazil has given the banker's cartel "virtual management of its debt flows," reports the Brazilian business daily *Gazeta Mercantil*. The bankers are not only spying on the most intimate secret of Brazil's finances, but the big U.S. banks are having "to take in everyone else's dirty laundry," an officer of one of them moaned to *EIR*, "because nobody in his right mind would put dollars in there now."

Since the new institute formed by the Ditchley Group in Washington will not operate under its own name until March, a secret Jan. 25 meeting at Barclays Bank on Lombard Street decided that data collection be done by Chase and Bankers Trust. Every day, each of the Brazilian banks borrowing abroad sends these banks a complete report on its "funding position," including the terms and suppliers for all short-term financing going to Brazil. A New York banker confirmed to *EIR* that "the surveillance system is in place and the information is being disseminated to the banks on the committee by Bankers Trust."

He added, "Many of the LDCs would consider it quite a rape. Only because Brazilian banks are up against the wall would they be willing to do this." Sources at two of the biggest Wall Street banks told *EIR*, in the words of one, "every afternoon the guys in operations scramble around trying to cover the positions of Banco de Brasil." When they can't find someone else to pay Brazil's debts, their banks have to cough up the money.

● **THE INTERNATIONAL** bankers' cartel organized last year at Britain's Ditchley Park castle announced plans to "coordinate" with "official multinational and government agencies," according to its Jan. 17 press release. The cartel, which has officially named itself the Institute of International Finance, also announced that its next meeting will take place in Zürich, Switzerland in late March.

● **THE INTERNATIONAL** Research and Intelligence Service (IRIS) quietly filed for bankruptcy dissolution in London Jan. 27. Billed as the largest public think-tank of the Anglo-American financial oligarchy, IRIS was formed last year under the direction of former British Prime Minister Ted Heath. Commenting on the demise of IRIS, Heath said, "We are not the only ones; the other firm in big trouble is McKinsey." Also a British-based intelligence and management consultant company, McKinsey has held strong sway over many American corporate leaders, including David Rockefeller.

● **HOMI SETHNA**, India's Atomic Energy Commission chairman, said that the dream of fusion reactors can be achieved in the early 2000s. Sethna's remark came in a late January public speech projection for commercial fusion. It contrasts sharply with the view of U.S. presidential science adviser, George Keyworth, who recently told a New Delhi audience that commercial fusion wasn't possible for at least 70 years.

● **SHIGEO NAGANO**, president of the Japan Chamber of Commerce and Industry, has led a mission of 24 to discuss the feasibility of constructing a second Panama Canal with President Ricardo de la Esprilla of Panama. The mission includes Saburo Okita, an adviser to the Foreign Ministry, and top bankers. They will discuss private-sector Japanese cooperation in the project.