

# Business Briefs

## Debt

### Mubarak tours Europe against IMF

Paris was the first stop on Egyptian President Hosni Mubarak's European tour Sept. 27. Mubarak aims at rallying support to Egypt's decision to resist pressures for more austerity from the International Monetary Fund.

A week earlier, Mubarak had issued a blistering attack on the Fund, even as negotiators for his government talked with Fund officials. The IMF has been demanding, among other things, an end to subsidized food prices for the poorest Egyptians—a measure whose implementation could topple the government. Previous attempts to lift subsidies have met with rioting.

Mubarak was scheduled to go from Paris to London and then Bonn.

Egypt is officially being boycotted by the IMF, which has asked Western creditors to cut off further credits and is threatening not to reschedule Egypt's \$40 billion foreign debt.

"No one can survive a 40% price increase. It would be butchery," the Egyptian President said of IMF demands. According to the Sept. 27 *Le Figaro*, Mubarak showed French leaders a special report on the Egyptian economy, describing how much of the IMF conditionalities he has already implemented. This has led to industrial strikes, especially among workers in the textile industries.

## Trade

### Malaysia, Britain sign arms deal

Malaysian Prime Minister Mahathir Mohamad arrived in Britain Sept. 24, after visits to West Germany and Belgium. He has been seeking to encourage foreign investment in Malaysia, as well as increased European trade.

Three days into his visit, Mahathir and Prime Minister Margaret Thatcher signed a preliminary agreement for a \$2.5 billion arms purchase by Malaysia. The sale includes 12

Tornado jet fighters, anti-aircraft missiles, and radar equipment. Malaysia will pay partly in oil and commodities. The sale of the Tornados, an advanced jet fighter, to an Asian nation is unprecedented.

The United States has just agreed to go through with a sale of F-16 jet fighters to Malaysia.

Earlier rumors had indicated that the deal would include a second-hand British submarine, but there is no mention of this in later reports.

Earlier, in Bonn, Mahathir expressed his fears about the planned 1992 single European market, the *Financial Times* reported Sept. 26. At an official luncheon with West German Chancellor Helmut Kohl, Mahathir said, "Europe's move to develop a single European union could turn the continent into a fortress against free trade."

## European Community

### Key 'Europe 1992' figure dies

Basil de Ferranti died in England on Sept. 24. He was a key figure behind the push for an integrated Europe, embodied in the European Commission's "Single Europe 1992" act, which would drop all customs barriers to the movement of people and goods beginning in that year, preparatory to measures, including a single continent-wide central bank, designed to destroy national sovereignty.

The heir of the famous Ferranti Electronics Co., Basil was descended from a 12th-century Doge of Venice, Sebastian Ziani, London's *Daily Telegraph* reported Sept. 26.

In 1973, Ferranti was appointed a member of the European Economic Community's Economic and Social Committee by then-Prime Minister Edward Heath. In this position, he developed many of the ideas that later became incorporated in the formal "Europe 1992" scheme.

Reentering the European Parliament in 1979 after a 15-year absence, he helped establish the principles of a movement now known as the "Kangaroo Group," and published something called, *Kangaroo News*.

The Kangaroo Group now has 200 Eu-

ropean Parliament members, and is a key lobbying institution for "Europe 1992," with "wide support throughout national governments, industry, and commerce," reports the *Telegraph*.

## Defense

### Pentagon delays contract payments

The Pentagon has announced that payments to suppliers will be delayed from the usual seven days to 30 days. The new policy went into effect, unannounced, the week of Sept. 19. Government officials admitted that the Pentagon's purchasing agents have been instructed to hold checks as long as possible without violating contract terms.

"Our companies are all calling us about it. It's a nightmare. They are seeing big perturbations in their financial plans. Some will have to borrow hundred of millions of dollars," declared Jean A. Caffiaux, the vice president of the Electronic Industries Association.

Whether the policy is connected in any way to recent Pentagon procurement scandals is not clear. Pentagon officials say that it is motivated by "a cash shortage."

## Poverty

### Moynihan: 'Make welfare an employment system'

Mr. "Benign Neglect," New York Democratic Sen. Daniel Patrick Moynihan, has called for the welfare system to be turned into an employment system.

Shedding crocodile tears over "the nation's poor children," Moynihan wrote a commentary in the *New York Times* Sept. 27 which said that both Houses of Congress have passed bills which address the problem of the "permanent poor."

"We would take the present maintenance [welfare] system and turn it into an employment program, with child support from absent fathers, transitional child care and health benefits for mothers leaving wel-

fare, and unprecedented automatic funding for education and training," Moynihan writes. "A mother cannot work without child care. A mother cannot work without skills."

The *Times* seemed to back up Moynihan's call with an editorial demanding that "poor children" become a major presidential campaign issue.

Moynihan does not indicate where the jobs for the millions of Americans on welfare are to come from, nor what kind of jobs those are to be, at what kind of pay-scale.

## Labor

### Republicans block minimum wage hike

A Republican filibuster in the Senate has successfully blocked a Democratic effort to raise the minimum wage from the present \$3.35 to \$4.55 per hour.

After five days of debate in which Republicans had twice blocked votes on amendments, Senate Democratic leader Robert Byrd on Sept. 26 acknowledged that the Republican stall had worked.

"There is no point in our continuing to pound at their door. I am now conceding that the Republican filibuster has been successful," said the West Virginian.

At present, 15 million Americans, most of them youth or members of families with more than one income, receive the minimum wage. Republicans and other lobbyists against the bill argued that it would cost jobs and hurt the working poor. The Chamber of Commerce, a key lobbying organization against the minimum wage hike, predicted that up to 250,000 jobs would be lost in the next three years if the bill went through.

But Sen. Edward Kennedy (D-Mass.), chairman of the Labor Committee and the bill's key sponsor, vowed, "We will be back. I am convinced we will be successful, if not this year, then hopefully in the early part of the next Congress."

AFL-CIO chairman Lane Kirkland chimed in with an attack on Vice President George Bush, who has said he is in favor of raising the minimum wage, but didn't tell Republicans to stop their filibuster.

The real issue was addressed by no one: America's 20-year "post-industrial" drift,

which has wiped out relatively high-paying industrial jobs, leaving only the minimum-pay hamburger-stand "services" jobs whose scale was at issue in the minimum wage debate.

## Energy

### Mexican nuclear plant will finally open

Mexico's first nuclear plant is finally scheduled to come on line in mid-October.

The Laguna Verde plant is set to begin operations between Oct. 15 and Oct. 20, according to the head of that nation's electrical workers union.

The director of the plant, Rafael Fernández de la Garza, called a press conference Sept. 21 to defend the plant against environmentalist attacks. "Either Mexico enters the era of nuclear energy, or the development of the country will be stopped," he said.

Meanwhile, both the Mexican Socialist Party and the neo-fascist National Action Party (PAN) have expressed themselves "categorically" opposed to the plant's opening, Mexican media report.

## Food

### Grocery chains target of hostile takeovers

Even as the United States girds for potential food shortages in the wake of this summer's drought and the no-production policies of the Department of Agriculture and food cartel firms, the nation's supermarket chains have become the target of hostile takeover attempts.

Kroger, the nation's second-largest grocery chain, is now the target of two hostile takeover bids. The Haft family, owner of Dart Drugs, made a \$4.32 billion offer to Kroger stockholders, while Kohlberg, Kravis, Roberts & Co. made a \$4.59 billion offer.

Earlier this year Kohlberg, Kravis succeeded in taking over the Safeway supermarket chain.

# Briefly

● **FIDEL CASTRO**, the Cuban dictator, told an interviewer for France's leftist *Lettre Internationale* that the IMF/World Bank meeting in Berlin is pointless, because Third World "debts can't, by any means whatsoever, be collected anyway. . . . A debtors' cartel is still on the agenda. . . . In the longer run, objective conditions for a big international social revolution are ripening."

● **A HARVARD** study commissioned by Congress and the Health and Human Services Department would completely alter the Medicare payment schedule to "reduce the incentive for doctors to overuse tests, procedures, and surgical operations." Surgeons' fees would be cut by almost half.

● **A U.S. RECESSION** "is inevitable, and is scheduled for the second quarter of 1989," states the London financial journal *Global Investor*, "although the central banks have done a remarkable job of holding the world economy together."

● **JOSEPH MOBUTU**, the Zairean President, responded sharply to International Monetary Fund director Michel Camdessus's amazing charges that "corruption" in Third World countries was responsible for their heavy indebtedness. Mobutu called the charge "scandalous," and reported, "The IMF programs cost us \$2 billion in outflows against only \$1 billion in inflows." An adviser to Mobutu called the IMF "neo-colonialist."

● **THAILAND** officially reports 1,000 cases of AIDS, but a doctor in Chiang Mai, in an open letter to Prime Minister Chatichai, said that there are at least 200 cases in that town alone, and that the real national figure may be 10 times the government's claim. "We have to act swiftly," wrote physician Thira Sirisanthana.