rumors that the mines are flooded), the blocking of Zambia's port, and the IMF's deliberately inspired civil strife in Peru, has given copper futures a short-term boost. The effects of these scenarios on copper prices will be shortlived, however. Since the existence of worldwide copper stockpiles of nearly 2 million tons is common knowledge throughout the business community, it is difficult to imagine that industrialists could be manipulated into setting off another copper bubble. A boom in copper prices is unlikely; particularly since the industrialists remember well their experience following the collapse of the 1972-1974 bubble.

The problem affecting not only copper prices, but prices of lead, nickel, zinc, and other basic raw materials as well is that consumption has not come close to reaching the levels prior to the collapse of world trade and the raw materials bubble in 1974. During the last decade and the early years of the present decade, mining capacity was greatly expanded worldwide in expectation of increasing world demand. When that demand failed to materialize the world was left with large supplies and producing capacity and declining markets. Hardest hit was the Third World, which went heavily into debt to finance their new capacity but found prices in many cases below the cost of production.

Current plans for forcing up raw materials prices consist of several different formulas in addition to the Common Fund and IRB swindles. One approach now gaining favor is the shutting down of "excess" capacity combined with the possibility of protectionist measures by the U.S. and the European Economic Community. U.S. producers have already petitioned the Carter Administration for relief from imports, under the Trade Act of 1974. As a token compromise, the administration has agreed to purchase 235,000 tons of copper for a strategic stockpile. This plan is similar to the Solomon and Davignon Plans which have forced steel prices up by as much as $80 per ton. According to figures just released by the American Bureau of Metal Statistics, world copper production fell during the first 3 months of this year by 1.5 percent to 1.51 million tons compared to last year's period. In the U.S. alone, a leading copper analyst estimates that 10 percent of production has been shut down since the strike in the summer of 1976. Copper prices have been hovering around $.60 per pound compared to a high of approximately $1.50 per pound in 1974.

The situations confronting the zinc and nickel markets are equally miserable. As of Jan. 31 of this year, stockpiles of zinc totaled 838,000 metric tons and prices have fallen so low that the EEC is considering setting a minimum price and other protectionist measures. In nickel, Inco Ltd. of Canada, the world's leading nickel producer, is currently implementing major production cutbacks and layoffs and has announced large reductions in capital spending plans for this year. On top of this they have announced a further drop in nickel prices and see no hope for firming of prices. While the current per-pound book price for nickel is in the $2.15 range, Falconbridge (Norway) just sold 2,000 tons of electrolytic nickel to Taiwan for $1.90 a pound CIF, port of entry Taiwan.

The strongest option is to raise raw materials prices, but politically the riskiest and most dangerous is the unleashing of a major race war around Rhodesia which would embroil not only Rhodesia, but also South Africa, Zambia, Zaire, and all the front-line states.

Any significant rise in raw materials prices will have no relationship to the laws of supply and demand, but rather to government and business capitulation to one or more of the scenarios drawn up in London.

—Joseph Stein

CORRECTION

An unfortunate typographical error appeared in "The Policy Framework for A National Export Program" Draft Proposal for the Weil Task Force on Exports in the last issue of the *Executive Intelligence Review* (Vol. V, No. 20). The relevant statement should read: "Overall, the United States through its exports and domestic gearing up of economic output, must lead the European Economic Community, Japan and CMEA to cooperatively upgrade their national economies to reach a *common production goal of 250 GW (gigawatts) annually by the year 1985.*"