

ALTIMES

Arguino

Brazil's growing economic crisis, Page 19

NKFURT AND LONDON

November 28 1979

D 8523 B

told to in 11 countries

WHITLEY IN LONDON

Iranians to stay away from 11 countries from Iran's holding of U.S.

Warning Arab countries about the possibility of U.S. military action. A powerful U.S. led naval fleet, including contingents from Britain and Australia, is exercising off the coast of Iran in the Arabian Sea and is to be joined shortly by a second U.S. fleet from the Far East.

Iran has put itself virtually on a war footing and yesterday warned international airlines that unidentified aircraft entering Iranian airspace risked being shot down.

In advance of yesterday's debate at the United Nations Security Council Ayatollah Khomeini condemned the initiative of Dr Kurt Waldheim, the Secretary General, while the U.S. called for an "international indictment" of the Islamic Republic.

The UN said Iran now welcomed the holding of an emergency debate but had requested the postponement of substantive discussions until Saturday, after two important Moslem mourning days had passed.

Continued on Page 20

Iran's revolutionary banker, Page 4

moves yen

have been used in the past to protect the value of the yen. The in-

Union refuses to back BL strike

By Alan Pike in London

SIR MICHAEL EDWARDES, chairman of BL, seemed to be strongly placed for victory last night in one of the most serious disputes he has faced at the state-owned vehicle company. The Amalgamated Union of Engineering workers executive yesterday drew back from declaring an official strike over the dismissal of Mr Derek Robinson, convenor of shop stewards at BL's Longbridge plant at Birmingham.

Mr Robinson was dismissed by BL for his involvement in a booklet attacking the BL rescue plan.

Yesterday's unexpected decision came after a meeting between the full AUEW executive and Sir Michael. While this was in progress the other union involved in the BL dispute, the Transport and General Workers, did declare official the strikes which have taken place in support of Mr Robinson.

TGWU members had been expecting the AUEW executive to take the same action. Instead the engineering union leaders decided to instruct their members to resume normal working pending an executive inquiry into Mr Robinson's dismissal.

The AUEW decision caused anger and confusion among TGWU members last night. Mr John Barker, TGWU Birmingham district secretary and chairman of its strike committee, said: "We deplore the action of the AUEW." The TGWU Midlands finance and general purposes committee will meet today and is expected to call off the official action and also tell its members to return to work.

Mr Brian Mathers, West Midlands regional secretary of the TGWU, described the AUEW executive decision as "a betrayal of

Chase reduces its prime rate to 15 1/4%

BY DAVID LASCELLES IN NEW YORK

CHASE MANHATTAN, New York's second largest bank, cut its prime rate by one half per cent to 15 1/4 per cent yesterday, leapfrogging the 3/4 per cent cut announced by some U.S. banks on Monday. Even though the U.S. credit markets strengthened on this news, the banking community still seems deeply divided on where interest rates are heading.

No major banks were quick to follow Chase's lead yesterday, although several regional banks brought their prime rates - those charged to banks' best customers - down to 15 1/2 per cent. From today, therefore, the U.S. is in the highly unusual position of having a triple split prime: 15 1/4 per cent, 15 1/2 per cent and 15 3/4 per cent.

Chase said it had cut its prime because: "We believe that this new rate is an accurate reflection of current market conditions." But it warned that the action "should not be interpreted as a prediction of the

future of interest rates one way or the other."

Chase's caution was echoed by several observers of the money markets, most of whom argued that it was too soon to say with certainty that rates had peaked. Some pointed to the continuing pace of inflation and the recent weakness of the dollar as reasons why interest rates would remain high.

But Wall Street reacted with enthusiasm to the news. The credit markets surged ahead again yesterday morning across a wide front, and stock prices also gained in very heavy trading.

The cut on Monday was the first time prime lending rates appeared to be falling since the U.S. Federal Reserve Board severely tightened its monetary policy on October 6. Two major banks, Bankers Trust in New York and Wells Fargo in California cut their primes by 3/4 per cent.

Lex, Page 20

U.S. consumer prices rose 1% in October

BY JUREK MARTIN IN WASHINGTON

U.S. CONSUMER prices rose by another 1 per cent in October, mainly because of the higher cost of housing.

According to the Commerce Department, the housing index, which rose by 1.5 per cent in the month, accounted for about two-thirds of the overall increase in consumer prices.

This masked the fact that a wide range of other prices went up less sharply in October than in previous months. Fuel oil prices, for example,

