

# Business Briefs

## Communications

### IBM, Japan's NTT work out patent pact

IBM and Japan's government-owned Nippon Telephone & Telegraph (NTT) are expected to form a pact later this year in which all patents held by each firm would be exchanged with the other. According to the Japanese business daily *Nihon Keizai Shinbun* of March 3, the pact is likely to include manufacturing rights under which IBM could make NTT-created products and NTT could license private Japanese companies to manufacture IBM innovations.

The report follows a similar arrangement between NTT and AT&T established in January 1980.

*Nihon Keizai* commented that the new pact would "form a huge international tripod of technological allies . . . and help ease Japan-U.S. conflicts as well."

Opening up NTT's research and development to U.S. procurement and sharing had been a major objective of the Carter administration because NTT's huge R&D and computer procurement had aided Japan's computer development. NTT is becoming the world's most significant challenger to IBM's market dominance. Given the Reagan administration's emphasis on electronics in its economic and defense policies, there is reason to believe the IBM-AT&T-NTT hookup may be linked to efforts to arrange Japan's help in supplying the U.S. arms program.

## Corporate Strategy

### U.S. corporate equity changes hands

One of the largest changes in ownership of corporate equity in U.S. history is now occurring. This is led by buyouts of U.S. companies, especially by Canadian or British-linked companies.

On March 11, the Montreal-based Seagram Liquor Company announced

that it has made an "unfriendly" \$2.3 billion takeover bid for St. Joe's Minerals. St. Joe's, the largest producer of lead and zinc in the United States, has called the Seagram offer "unsolicited" and cited the \$2 billion offer "grossly inadequate." Seagram is a firm noted for its connection to the British Secret Intelligence Service, and has been cited on numerous occasions as involved in trafficking in the illegal narcotics trade. Last December, Seagram undertook a \$3 billion bank borrowing from a consortium of 31 leading banks to build up its cash reserves for the takeover bid.

Seagram's bid has led a wave of takeovers and mergers of U.S. corporations over the last three weeks, including: the \$4 billion bid by Standard Oil of California to take over 80 percent of the stock of the coal and metals company AMAX; AT&T has been granted an \$11 billion rate increase, which, coupled with the recent court ruling that allows AT&T to diversify into noncommunications industries, will give the acquisition-minded giant a large pool for buyouts; Prudential will spend \$400 million for oil investments, a sevenfold increase in investments in this area; Bunker Ramo, a large electronics producer, is the announced target for takeover, according to its own admission to the SEC.

## World Trade

### Defense/auto tradeoff between U.S. and Japan?

Was Reagan emissary David Abshire in Tokyo March 1-11 to negotiate a trade-off for Japan to ship fewer cars to America in exchange for the opportunity to supply the U.S. defense buildup? At a March 4 Senate Armed Services Committee hearing, Defense Secretary Caspar Weinberger noted that a major obstacle to carrying out the proposed buildup is that "we have fallen behind our allies with the capacity of our industrial base." Therefore, he argued, "There must be a division of labor with other NATO countries and Japan." This was taken to mean that not only must Amer-

ica's allies increase their own defense spending, but they must help supply parts, machinery, and materials for the U.S. buildup. Senators John Tower (R-Tex.) and Barry Goldwater (R-Ariz.) also raised this subject.

Abshire, who had headed Reagan's foreign-policy transition team, repeated Weinberger's dictum on "international division of labor on defense" to Prime Minister Zenko Suzuki at a March 6 meeting in Tokyo. Last fall, officials at Georgetown University's Center for Strategic and International Studies (CSIS), which Abshire heads, told *EIR* that there were proposals for Japan to ship fewer autos in exchange for being allowed to help supply the defense buildup.

According to Japan's Kyodo news service, Abshire told Suzuki that the administration was making no link between auto and defense, but many congressmen were. It is a common practice for administrations dealing with Japan to blame pressure from Congress for goals they themselves want.

## International Credit

### Central bankers, U.S. examine the IMF

The world's top central bankers have been debating in recent weeks whether their governments should issue \$5 billion in special loans to the International Monetary Fund (IMF), the global agency which lends balance of payments credits and oversees austerity programs.

At congressional hearings March 11, new Treasury Undersecretary McNamar announced his department will be doing a cost-benefit analysis of World Bank programs to find out if U.S. taxpayers' funds allocated to such international agencies are producing results consistent with American foreign policy. McNamar also emphasized that the United States will oppose formation of a special energy affiliate for the World Bank, a proposal enthusiastically worked up last year by former World Bank head Robert Mc-

## Briefly

● **INTERNATIONAL Harvester** has just sold 1,800 heavy-duty dump trucks to Iraq, for more than \$100 million. The ailing U.S. agricultural goods producer reports the order will hike output of the truck brand by 50 percent beginning April. The deal is half its annual truck export sales.

● **DONALD REGAN** is under increasing pressure from supply-siders to resign, says the often reliable "Informed Sources" column of the *New York Daily News*. page 13

● **BARON GUY** de Rothschild, Felix Rohatyn, and former U.S. Federal Reserve Chairman Arthur Burns are featured speakers at a May 8 conference at Georgetown University on the Mideast. Also included on the program are German banker Walter Hesselbach, who has strong Zionist ties, and Robert Nathan Associates from Washington, D.C. The topic of discussion will be formation of a Mideast Development Fund centered on Egypt and Israel.

● **THE BANK OF CHINA** plans to expand its international banking ventures into New York, primarily to service the Chinese emigré community. The PRC bank plans to apply for a federal charter to avoid the New York law requiring foreign banks to reciprocate by allowing New York banks to open in their countries.

● **SUSAN B. COHEN**, representing the National Democratic Policy Committee, testified March 10-11 before the House and Senate Agriculture Committees on the omnibus farm bill and U.S. farm policy, blasting OMB Director Stockman. Rep. Arlon Stangeland (R-Minn.) quoted extensively from her testimony to refute consumerist attacks against dairy price supports. Cohen called for adequate credit to farmers and 100 percent parity to maintain high-technology production.

Namara. In his testimony, Undersecretary McNamar noted that Saudi Arabia, which is expected to lend the IMF \$9 billion over the next three years, also opposes the energy bank idea.

Washington observers report many officials in Washington think McNamara was "too independent" at the World Bank and even used his post there to fund policies contradictory to U.S. foreign policy interests.

During the week of March 1, the world's top 10 central bankers met in Ottawa, Canada with IMF Executive Director de Larosière. The following weekend, the same individuals reconvened in Basel, Switzerland at the Bank for International Settlements. On the agenda on both occasions was de Larosière's request for a special \$1.2 billion loan from these banks' countries. Although U.S. spokesmen attended both meetings, it has already been announced that even if the U.S. supports the loan in principle, its laws prohibit it from participating in such a financing arrangement—a fact which could serve to weaken U.S. policy say over the global financial agency.

### Banking

## S&L rationalization laws on tap

Legislation to rationalize and reduce the savings and loan industry after an expected S&L bankruptcy crisis (see Banking) is now being formulated in Washington.

While Secretary of the Treasury Donald Regan does not want the Federal Home Loan Bank Board to bail out many S&Ls after the crisis hits, the administration intends to use the panic atmosphere to force through Congress a ruling that would urge the Federal Reserve to allow the major New York commercial banks to buy up bankrupt S&Ls across the country.

This would precipitate a major takeover of large segments of the S&L industry by commercial banks, who would be likely to substantially reduce S&L lending to homebuilding. The Fed has the

ability to pass such a ruling by regulatory fiat, but seeks congressional approval.

Senator Daniel Moynihan (D-N.Y.) is preparing a more extensive "Reconstruction Finance Corporation (RFC)" for S&Ls. In legislation shortly to be introduced into the Senate Banking Committee, Moynihan calls for the Federal Home Loan Bank Board to issue bonds on the private market, based on its own assets, and use the proceeds to buy the low-interest fixed mortgages now clogging the books of S&Ls and making them unprofitable in today's high-interest environment.

In effect, this would stick the federal government with the bad loans of certain lucky S&Ls, who would then go on to diversify out of home lending and into more profitable areas.

The U.S. League of Savings Associations is also requesting legislation to allow the Federal S&L Deposit Corporation to purchase low-quality mortgages by selling its Treasury bills to raise the cash.

### Public Policy

## German cabinet: defense requires economic growth

At a Bonn cabinet meeting March 11, reports the West German business daily *Handelsblatt*, "the cabinet stressed their view that German defense responsibilities could be met, because the big procurement programs such as the Tornado fighter and the Leopard II tank would not be cut. The cabinet concluded that the defense capabilities of the Federal Republic are premised on its ability to finance defense. Economic stability and growth capability are the preconditions for a new division of labor within NATO."

In a related development March 13, French Treasury Secretary Jean-Yves Haberer stated that the European Monetary System has protected Europe "from the monetarist epidemic," and now "political will" is required to create a European Monetary Fund.