

Business Briefs

Industry

Hoechst chief warns against Greens

Rolf Sammet, the head of West Germany's giant Frankfurt-based Hoechst chemical group, issued a sharp warning against the pending offer of a governmental ministry post to the Green Party in the state of Hesse. At the annual stockholders' meeting in Frankfurt during the first week in June, Sammet, who is retiring as head of the firm, warned Hesse Gov. Holger Börner, a Social Democrat, against giving the Ministry of Energy and Environment to the Greens.

Sammet said that Hoechst had already been forced to drop plans to build a coal-fired station at its Gresheim works, because of the Greens' obstructionism. Further restrictions on industry imposed by the Greens could seriously impede further Hoechst investment in Hesse and could damage export possibilities for German industry. Hoechst has been a major target of Green anti-industry campaigns for several years.

In a related move, the state businessmen's association (Vereinigung der hessischen Unternehmerverbände) sent a letter to Börner, warning that "the selection of a proven anti-business party for the Ministry of Environment and Energy can only be seen as a further move against the economy of Hesse, including against those employed as well as unemployed."

Argentina

Look who's behind the economic 'reform'

The bone-crushing new economic and currency measures which Argentine President Raul Alfonsín is now trying to impose upon his country, were drafted by experts from the think tank of German Foreign Minister Hans-Dietrich Genscher's Free Democrats, the Friedrich Naumann Foundation, inves-

tigators have learned. Genscher's "liberal" Free Democratic Party (FDP) is the successor to the German Democratic Party of Hjalmar Schacht, Hitler's economics minister.

Argentina's economic reform is true to its Schachtian pedigree. According to a June 16 report in the Argentine newspaper *Clarín*, it calls for the following measures: "To compress public expenses the only way is to change wage increases to keep them under inflation, reducing excessive public employment. . . . Canceling of state investment projects whose profitability is doubtful and postpone those which, though profitable, do not satisfy an immediate economic and social need."

The plan was worked out in collaboration with the Kiel World Economic Studies Institute, on a contract arranged in August 1984. Genscher, who helped to rally the Europeans behind the British against Argentina during the Malvinas War, visited President Alfonsín twice to urge him to comply with the International Monetary Fund's austerity conditionalities.

Banking

IMF circulating secret economy-wrecking plan

The International Monetary Fund is circulating a secret document which would consolidate a supranational bankers' dictatorship over sovereign nations, informed sources report. The document is intended for discussion at a meeting in Basel, Switzerland at the end of June, of the IMF's Group of 10, the finance ministers of the top industrial countries (better called the Group of 11, including Switzerland).

The secret document demands: 1) increased "IMF surveillance" over advanced-sector economies, 2) currency coordination among advanced-sector nations, and 3) new issues of the Special Drawing Rights. If the document is approved at the G-10 meeting, it will be discussed a second time in July and then presented for adoption at the IMF meeting in September. At that point, the U.S.

banking system is expected to be in wreckage, and the IMF surveillance will be pushed as an "appropriate response."

At the IMF's annual meeting in Washington, D.C. in April, U.S. Treasury Secretary James Baker III officially agreed to allow IMF surveillance of the U.S. economy.

International Credit

The United States is now officially a net debtor

The U.S. economy has become a net debtor for the first time since 1914, Commerce Secretary Malcolm Baldrige said June 17. The nation's first quarter current account deficit—account on trade and services and international investment earnings—was \$30 billion. This wiped out the \$30-billion surplus on investment remaining from the end of last year. The United States will now owe foreigners more than foreigners owe this country.

The United States will owe \$100 billion in interest by the year 1989, estimates Howard Rosen of the Institute for International Economics. This results from U.S. foreign debt rising from \$850 billion now to \$1 trillion in 1989. The current account deficit was \$30 billion in the first quarter, and at this rate, the deficit for the year will eclipse last year's level of \$101.4 billion by \$20 billion.

Driving the current account deeper into deficit is the trade picture: The trade deficit in the first quarter was \$29.4 billion. Imports rose by \$4.3 billion, despite a 20% drop in petroleum imports.

Agriculture

USDA's Amstutz aids Russian war buildup

The United States and the U.S.S.R. signed an accord on agricultural cooperation on June 18, hailed as "unique" by the U.S. negotia-

tor, U.S. Department of Agriculture undersecretary and 25-year-executive of Cargill Corp., Daniel Amstutz. "Unique" indeed, since agricultural goods and equipment received by the Soviet Union from the United States at the present time, frees Soviet resources for their war mobilization.

After signing the deal in Moscow, Amstutz explained to the media that Soviet "aims" are simply different from those of the United States. According to Amstutz's logic, the Soviets want greater agriculture output, and the United States wants to expand markets. The accord calls for cooperation in 20 areas, including establishing exchange programs of U.S. and Soviet scientists, technicians, and young farmers.

The Amstutz trip ran in tandem with the visit to Moscow of Armand Hammer, another businessman friend-of-the-Soviets, who loudly proclaimed his intention to have President Reagan meet with Gorbachov.

The new accord marks a renewal of direct meetings between a joint U.S.-U.S.S.R. agricultural committee that last met in 1978.

Corporate Mergers

TWA taken over by asset-strippers

Texas Air Corporation completed a successful takeover of Trans World Airlines (TWA) the second week in June. Texas Air President Francisco A. "Frank" Lorenzo, also owner of Continental Airlines and New York Air, has bought TWA for \$793.5 million. From all indications, Lorenzo plans to strip it in the same way he did Continental: Break the union; slash wages by 30% or more; and recycle TWA's resources into fly-by-night operations like the totally non-union New York Air.

News accounts have played up the competition over the buy-up, especially Lorenzo's "rescue" of TWA from Carl Icahn, who owns 32.7% of TWA, and was trying to buy the rest. Other bidders included the notorious dope-money laundry, Resorts International; and the TWA Employees Commit-

tee, who attempted an employee buy-out of the airline with financing from Frank Lorenzo's friends at Chase Manhattan Bank—which turned them down.

Lorenzo has been able to participate in the destruction of the airline industry, only with the help of the Kennedy liberals and "free enterprise" conservatives that brought about airline deregulation. Deregulation has forced the airlines into bankruptcy or near-bankruptcy. Airlines have either been totally shut down, or have had their service reduced by 25% or more. Passenger safety, convenience and comfort are increasingly a thing of the past. TWA's international routes will be a prime target of these sharks.

L.F. Rothschild's airline analyst, Tim Pettee, told the Houston Chronicle: "If Texas Air could impose Continental's cost structure on TWA, it would become a very formidable airline."

Ecological Holocaust

Emergency funds will fight grasshopper plague

Agriculture Secretary John Block announced emergency funding on June 20 to combat the worst grasshopper plague in U.S. history. The insects have gone wild, eating crops and destroying range grass, because of the underfunding of programs to keep them under control.

According to Block, the grasshoppers turned out to be much worse this year than originally forecast. But experts have long been warning that this year would be disastrous, unless a miraculous shift in weather patterns killed the insects during the critical period of the breeding cycle. The miracle did not occur, and the following states have now been hit: Idaho, Utah, Arizona, North and South Dakota, Oregon, Texas, Wyoming, Montana, Colorado, and Nebraska.

The Agriculture Department has allocated an extra \$15 million for treatment in the western states, above the \$10 million announced in May.

● **CARGILL CORP.** owner and chairman of the board, Whitney MacMillan, held talks in East Berlin on June 4 with East German Foreign Trade Ministry State Secretary Gerhard Beil, which led to Cargill opening an East Berlin office. The talks focused on "the possibility of increasing trade between the GDR and Cargill, reported the East German daily *Neues Deutschland*.

● **FARMLAND VALUES** collapsed 12% in a year in the United States, according to a USDA Economic Research Unit report cited in the June 16 *American Banker* newsletter. Per acre value declines are worst in three regions: 21% in the Great Lakes states, 23% in the northern plains, and 25% in the Corn belt. For the four-year period ending 1985, these three regions showed overall drops of 30%, 28%, and 41%, respectively. The value collapse is "an acceleration" and compares with the 17% and 19% drops during the deep-est Depression years of 1932-33.

● **THE ELECTRIC POWER** equipment industry in the United States will "shut down 50% of capacity by the end of 1985, unless a crash-Strategic Defense Initiative program is enacted in '85," a spokesman for General Electric said on June 16. The company is going to sell off the machine-tools, speciality equipment, and plants which make heavy equipment for electric generating stations.

● **GIOVANNI GORIA**, Italian treasury minister and one of the most loyal servants of the International Monetary Fund in the Italian government, demanded the abolition of the cost-of-living escalator, at an industrialists' meeting in Asti on June 17. "It is not enough to reduce the cost of living escalator. It has to be abolished completely," he said.