

# Business Briefs

## Corporate Strategy

### Kroger fires a third of main-office workers

Kroger, the nation's second largest supermarket chain, has fired 36% of the employees at its Ohio headquarters. About 300 of 800 people working in its main offices in Cincinnati were fired in an attempt to the company keep afloat after incurring massive indebtedness due to cash needs to stave off hostile corporate takeover attempts.

Kroger was the target of two hostile takeover attempts. The Haft family, owner of Dart Drugs, made a \$4.32 billion offer to Kroger stockholders, while Kohlberg, Kravis, Roberts and Co. made a \$4.59 billion offer.

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

Additional employees at other Kroger offices in the region, including food technology technicians, have also been fired. Market analysts say that the first two rounds were won by the controllers of Kroger, but that the war for that company is not yet over.

The wave of supermarket takeover attempts Kroger has fallen victim to comes as the nation anticipates food shortages and price increases due to the past summer's drought.

## Foreign Debt

### Caracas defense chiefs call debt security risk

Venezuela's top defense officials have attacked payment of the country's foreign debt as a major national security issue.

In an Oct. 13 interview with Associated Press, Defense Minister Del Valle Alliegro called the debt a national security threat. Alliegro said that the "Achilles' heel" of the region "is the incommensurable weight of the Latin American foreign debt," adding that the debt "erodes and asphyxiates economies," and that "the problem of the debt is not merely economic, but also political and

social, and could create strong centers of turbulence for our [political] systems."

The president of Venezuela's Senate Defense Commission, Alejandro Izaguirre, expressed total support for Alliegro, saying that the "burden of debt makes development impossible and leads to collective distress. . . . The Venezuelan government is mistaken in thinking that the bankers have a heart."

Even leading presidential candidate Carlos Andrés Pérez, who, according to Venezuelan sources, "generally only says something if Henry Kissinger has said it first," felt compelled to come out in defense of Alliegro's statements. "He was right in affirming that the Latin American foreign debt is a security problem. . . . The governments of Latin America should negotiate jointly to find a solution."

## Cartelization

### Israeli companies to be privatized?

Most of Israel's state-owned or associated companies are expected to be rapidly privatized if Prime Minister Yitzhak Shamir's Likud wins the Nov. 1 elections. However, Foreign Minister Shimon Peres's Labour Party has shown strong opposition to this policy as far as some of its sensitive economic companies associated with the Histadrut labor federation are concerned.

The scheme for selling the companies to private interests has been set into motion over the last two to three years by Industry Minister Ariel Sharon, who has deliberately driven some of the state companies to bankruptcy, that they may be sold. The Israeli government's official adviser on its "privatization program" is New York's First Boston Holdings.

The move is aimed at cartelizing the Israeli economy. The main winner in this plan is to be Israeli tycoon Saul Eisenberg, who announced at the beginning of October that he was leaving his investments in Asia to his associates, and would be living in Israel indefinitely.

Eisenberg prepared his arrival two years

ago by securing an appointment as chairman of the Israel Corporation, which, he says, he intends to build into Israel's main company. Over the last two years IC has been busy buying the firms that Sharon has bankrupted. One firm to go soon is Israel Chemical, headed by Sharon associate Rafi Eytan.

Meanwhile, "blue-blood New York banks"—so described by London's *Financial Times*—are effectively intervening into Israel's election campaign in support of Shamir's Likud, with a major financial attack on the Histadrut. On Oct. 11, Bankers Trust of New York went to court requesting the immediate liquidation of one of Israel's largest industrial enterprises, Koor Industries, owned by the Labour Party-affiliated Histadrut.

Koor failed to repay some \$20 million in debts in mid-September. The move underlined Koor's financial weakness, with up to \$400 million worth of debt to Israeli and foreign banks. Koor executive secretary Benny Gaon denounced "American banks, cynically harnessing the Israeli elections for their own ends."

## Infrastructure

### Bangladesh leader plans flood control

President of Bangladesh Lt. Gen. H.M. Ershad announced a program for flood control to the Bangladesh Parliament Oct. 17, accord to a report on BBC. Virtually the entire nation was flooded following monsoon rains in August.

Ershad said a special volunteer corps was being formed for a large-scale program of dredging and canal building. Bangladesh must use its huge manpower resources to solve the problem, he said, since the country could not allow its population to spend three months of every year in refugee camps after the monsoons.

However, no national action could be an effective substitute for regional cooperation and international aid to solve the overall "man-made" problem of lack of flood control in the Himalayas and the Indian barrier

on the Ganges River, he said.

To loud applause, he added that "under no circumstances" is the 1978 Ganga-Brahmaputra Link Canal proposed by India acceptable to Bangladesh. Ershad said that the recent floods are a "man-made curse." He said the flooding was caused by "systematic deforestation in the Himalayan range, removal of natural barriers that stop the flow of water . . . and destruction of barrages and embankments in the upper Brahmaputra."

## Agriculture

### USDA revises harvest estimates upward

The U.S. Department of Agriculture released its latest crop production estimates on Oct. 12, and revised its estimates upward from the August and September figures. This flies in the face of all firsthand reports from farmers and state officials on the devastating effects of the summer drought.

The highlights of the crop production estimates are: Corn for grain production is forecast at 4.55 billion bushels, up 2% from last month, but 36% below last year's crop. Soybean production is forecast at 1.50 billion bushels, up 2% from Sept. 1, down 22% from 1987. By contrast, farmers in Iowa, the nation's top corn state, report that corn and soybean production are down as much as 75%. Reports from Minnesota are that there has never been, in recent years, so little corn in storage.

Although the USDA has had special press briefings to announce its harvest estimates for the last three months, there was no press briefing on Oct. 12.

## Markets

### Brokers seek to bring investors into stocks

Some \$75 billion in certificates of deposit will mature this autumn, and Wall Street stockbrokers see this liquidity as a potential gold mine for them, reported the *Wall Street*

*Journal* on Oct. 17.

After the October 1987 crash, a lot of the money which would otherwise have been thrown into stocks went into the more secure certificates of deposit. The problem for the brokers is convincing "small investors" to get back into the stock market.

Wall Street, which has been buoyed up somewhat by large institutional investors, has been relatively stagnant because their ordinary clientele never regained confidence in the markets after the Black Monday crash.

As the CDs are coming due, with a very large turnover in April and October, several big brokerage houses have begun telling investors to stop wringing their hands over the crash and get back into the market.

Whether they will take that "suckers' advice" or not is open to question.

## Food

### Soviets on buying spree in West

The Soviet Union is expected to launch an emergency food buying spree in the West during the coming months, European media are reporting. There is speculation that new Western credit lines totaling an estimated \$10 billion that the Soviets negotiated and signed recently, will mostly be used to purchase Western beef, grain, and milk powder, rather than new machinery or equipment for industrial projects.

The Oct. 18 *Frankfurter Allgemeine Zeitung* of West Germany, said it expects "rapid purchasing actions" from Moscow soon, "to at least help to mollify critical supply situations." Expectations that Moscow may utilize the German credit line that was signed in Frankfurt Oct. 17 to order investment goods and modern machinery have been dampened.

The Soviets and the East bloc want to buy another 100,000 tons of European beef. There are two bids out, one from Germany and the other from France. Poland has already received a promise of over 60,000 tons of beef, and will get another 400,000 tons of wheat and 300,000 tons of barley.

● **TALKS** between the United States and the Soviet Union over an agricultural trade treaty broke down on Oct. 14. This leaves the two nations without a treaty for the first time in 13 years. Apparently Moscow was reluctant to agree to the five-year accord sought by the U.S., preferring to limit the pact's tenure to one year.

● **THE MEXICAN SENATE** Oct. 16 passed a resolution endorsing the opening of the Laguna Verde nuclear power plant. The resolution said that the plant, in the state of Veracruz, "is in the interest of the country."

● **RIO DE JANEIRO**, bankrupted by the actions of President José Sarney, is suffering a teachers strike that has shut down 75% of the schools. The directors of 69 health centers have signed a petition supporting the wage demands of striking health workers.

● **AL SAUDI BANK'S** bankruptcy, which forced the French central bank to undertake a bailout of the Paris-based bank, was engineered by London and Frankfurt financiers, say intelligence sources. They are battling Paris for control of billions in petrodollars and "Arab mafia" dirty money.

● **THE CHINESE** and Pakistani ministers of industry have signed an agreement in Beijing for China to develop the \$273 million Sandak Copper Project in Baluchistan. A Chinese credit of \$84 million will be repaid in copper.

● **VIETNAM** has hosted numerous high-level trade delegations from Japan, Australia, Southeast Asia, and Europe, since the implementation of a liberal foreign investment code in January. Trade, especially with Southeast Asian nations, has been soaring. Trade with Singapore is expected to hit \$300 million this year, after reaching \$270 million in 1987.