

# Business Briefs

## Industry

### Can the economy produce for defense?

The U.S. economy is not capable of sustaining a major military campaign by U.S. forces, according to the retiring Chief of Staff of the U.S. Army. Gen. John Wickham told the *Washington Post* June 16 that he was concerned about a "mismatch" between fighting forces and the industries that support them.

The Army, said Wickham, could fight up to three months without running out of supplies. But it would then have to wait nine months before American industry could start delivering replacements for destroyed tanks and guns.

"We have taken risks in the Free World" by favoring fast reaction over "sustainment capability," Wickham said.

He called attention to the floating warehouses being deployed to the Persian Gulf and other areas because of a lack of stockpiled war goods and bases, commenting, "You don't just drop them [U.S. forces] there and say, 'Bye, boys!'" with no supplies to back them up.

## Agriculture

### Farm failures up 300% in Texas

This is the "worst year yet" for Texas farmers, according to Texas Agriculture Commissioner Jim Hightower. Texas farmers are going out of business in numbers three times those of a year ago.

"We will continue to lose our best, most productive farmers who are the backbone of our family farm system unless current federal farm policies are changed," he said. "If the current disastrous economic price structure in agriculture continues, another 1 out of every 8 Texas producers does not expect to last beyond 1987."

An aide to Hightower, Andrew Welch, added: "The ones we are losing now are the ones we are most concerned about—the full-time producers who are doing the most to

provide our supper. We lost more than 14,000 of them in 1986, and we started 1986 with roughly 49,600. [Federal farm policy] has deliberately driven down the prices farmers receive to barely half the cost of production."

## Space

### Energia may orbit solar satellites

The Soviet Union allegedly plans to use the *Energia* super-boosted rocket to place huge solar satellites into orbit starting in the 1990s. But according to the *New York Times*, the *Energia* is a purely peace-loving rocket. It said the satellites "would convert sunlight into electricity for cities and industry on earth."

"Power is a prerequisite for anything you do in space," said Peter E. Glaser, vice president at Arthur D. Little. "Proceeding with solar power satellites will give them a number of options. They're planning all kinds of moves, years ahead of us."

But Dr. Glaser said active solar satellites should also be viewed as a considerable military threat, one that "might undo" the Strategic Defense Initiative.

He added that, without international participation, the West might never know if some solar satellites carried powerful, hidden lasers aimed at anti-missile batteries.

## Government

### Justice Dept. scored for bankrupting firm

The U.S. Justice Department acted improperly in trying to drive a small computer software company into Chapter 7 forced bankruptcy, according to a ruling handed down by a federal bankruptcy judge in Washington, D.C. June 13.

The judge said that the Justice Department officials made "undue and improper attempts" to convince the U.S. trustee in Alexandria, Va. to convert the Inslaw, Inc.

bankruptcy case from a Chapter 11 reorganization to a Chapter 7 liquidation, in order to "put Inslaw out of business."

The judge also ordered Justice Department officials to refrain from all but routine contact with the U.S. trustee's office in Alexandria.

It was the same U.S. trustee in Alexandria who, after extraordinary approaches by the Justice Department, appointed interim trustees to seize the offices of three La-Rouche-associated companies in Leesburg, Va. on April 21. Lawyers have also charged improper Justice Department conduct in those cases.

## Malthusianism

### Hospitals ordered to set killing rules

U.S. hospitals have been ordered to set rules on killing patients, or, if you prefer, "ending with care," as the relevant authorities term their euthanasia edict.

The Joint Commission on Accreditation of Hospitals, an agency which reviews hospitals for compliance with federal regulations and Medicare standards, has announced that it will require all accredited institutions to set standards for "ending care" of patients who are "irreversibly ill or likely to die within a few weeks."

This, claims the commission, is to protect patients' "rights" and bring an end to "abusing patients" and "traumatizing families" through "the massive exercise of cardiopulmonary resuscitation" for patients whose death is "imminent."

The joint commission is responsible for accrediting 80% of America's hospitals.

## Technology

### Pentagon spurs changes in U.S. industry

U.S. Air Force and other Pentagon quality assurance and production programs have begun to effect major changes in U.S. in-

dustry, according to a feature article in the *London Economist*.

The results in U.S. industry could have a major global impact within two years, it predicts.

The *Economist* cites a Hewlett-Packard estimate that "96,000 factories in the United States are currently in process of installing computer integrated manufacturing (CIM) in one form or another."

"In a year or two's time, many of them will become global forces to be reckoned with; some will no doubt conquer the foreign competition and become the new market leaders. . . . Never discount the genius of the defense industry in the United States," says the London weekly.

The firms which developed the new CIM industrial expertise under Pentagon demand, it reports, are now selling their knowledge to civilian industry.

## Corporate Strategy

### Takeovers continue at record levels

Despite all of the insider trading scandals and new laws, U.S. corporate takeovers continue at record levels, according to a June 16 report in London's *Financial Times*, which says that "the mania" for speculative corporate acquisitions in the United States is greater than ever.

"Deal-making fever in mergers, corporate raids, and leveraged buyouts has shown no signs of cooling off," says the report. "Wall Street has come up with new and ever more spectacular methods."

The London daily warns, however, that because most recent mergers gamble on being able to resell the victim company's assets into an ever-rising stock market, "if the market were to go into a prolonged decline, or interest rates were to rise sharply, many of the highly leveraged deals which depend on the disposal of corporate assets at ever higher prices, would quickly unravel. . . ."

"The few bears on Wall Street see the unabated deal-making frenzy as one of the most alarming portents for the year ahead," it concludes.

## Finance

### Bankers afraid of instability in Gulf

All the curious attacks on administration policy in the Persian Gulf now coming from Congress may reflect some string-pulling from a familiar source. Wall Street bankers are actively campaigning in favor of an American-Soviet agreement over the Gulf crisis, according to financial sources.

According to these sources, the bankers are arguing: "Don't talk to us about threats from the Soviets, the Reds, or anything else. Just make sure that there is no upheaval in oil prices."

Given the shaky world financial situation, bankers are afraid that a decrease or increase in the price of oil would be just enough to provoke a major financial crisis.

## Free Enterprise

### FBI ends operation against money laundering

The FBI has ended a major operation against drug-money laundering, arresting dozens, including several top narcotics traffickers. The operation took more than three years.

Attorney General Edwin Meese announced June 14 that *Operation Cashweb Expressway* had ended a day earlier with the arrest of 40 people. Over the two-year period, FBI undercover operatives set themselves up as money-launderers for the drug-runners, including for several top figures of Colombia's notorious "Medellin Cartel" drug network, who were among those arrested.

The same operation involved earlier arrests of over 69 people bringing the overall number of people arrested to 109 during the three-year period, said Meese.

He added that the most important result of the operation would be that "from now on, drug pushers will never be sure if they are laundering their money through a U.S. police force covert operation."

● **REP. JIM WRIGHT** told reports at the White House June 15 that, during his meeting with President Reagan that morning, he had urged development of a coordinated, comprehensive national strategy on domestic energy development. He said the United States cannot wait for another major disruption in world energy supplies, as portended by the current situation in the Persian Gulf. He stressed development of "alternative energy resources," including coal, solar, and nuclear.

● **MEXICO** has apparently agreed to a Soviet proposal that Mexico provide oil to Cuba in lieu of Soviet supplies, while the Soviets supply Mexico's current Western European clients, both saving costs in transport. The net result is to tie Mexico to Cuba, while increasing European dependency on the Soviets.

● **BANKAMERICA** has gone begging in Japan, according to Reuter. The bank "has been plagued with losses because of problem loans," and has "asked Japanese commercial banks to buy \$350 million in notes and preferred stock as part of a \$1 billion package to raise badly needed cash." Corporate officials met with representatives of 20 Japanese banks at a "hastily convened" session. Said Reuter, "Initial reaction was less than enthusiastic."

● **AMERICAN EXPRESS** announced June 18 that its banking subsidiary, the American Express Bank, Ltd. would set aside \$600 million in the second quarter for loan-loss reserves, increasing its reserve to \$795 million, or 38% of its total Ibero-American loans, and 10.6% of all loans outstanding. Amex says it expects to report a \$50 million loss for the second quarter, but the best yearly earnings ever. In 1986, the company earned \$1.25 billion. Its banking subsidiary contributed \$175 million of that.