

# Business Briefs

## Construction

### Shady deal bails out labor-linked company

A scandalous sell-out has saved the largest home-building complex in Germany from bankruptcy.

According to West German newspaper headlines on Sept. 19, a "rich baker in West Berlin" named Horst Schiesser bought 190,000 out of the 260,000 apartments owned by the Neue Heimat group for a down payment of only \$25 million. The news came as a complete surprise, as efforts to consolidate the financial situation of the ailing Neue Heimat were still under way.

The Neue Heimat group, owned by the Labor Union Bank (BfG), which is itself controlled by the Social Democratic Party (SPD), was facing Chapter 11-style bankruptcy because of a total debt of \$8.5 billion, of which \$530 million is short-term, expiring in January 1987. The value of the property involved is estimated at several billion deutschmarks. The purchaser, Horst Schiesser, is Germany's leading producer of shortbreads, bread, and biscuits, with a business of about \$150 million a year.

Schiesser is tied into the SPD's construction "mafia" in West Berlin, which may explain why the BfG gave him the exclusive contract. Rumors suggest that Schiesser signed the contract as a proxy, to serve as a medium for the speculative reselling of the flats at prices favorable to SPD-BfG interests.

## War on Drugs

### Malaysia to consider new drug legislation

Malaysia, the country where people have been sentenced to death, and executed, for possession of drugs, plans to pass legislation that will allow confiscation of property and profits derived from drug trafficking.

Malaysian Prime Minister Mahathir said a bill will be introduced at the October session of Parliament to allow courts to seize drug-traffic proceeds.

"The proposed legislation, when passed by Parliament, will leave the traffickers with nothing," Mahathir said at a U.N.-sponsored drug conference in Kuala Lumpur in late September. Since a mandatory death penalty for anyone convicted of trafficking in 15 grams or more of heroin or morphine was introduced in 1975, forty-one people have been hanged. Another 130 people, 21 of them foreigners, are now on death row.

## Agriculture

### European Commission proposes burning food

The Agricultural Directorate of the European Commission (EC) in Brussels is recommending burning over 1 million tons of "surplus" food in Europe, claiming that such "food mountains are inedible, are too expensive to store, and lack potential buyers," the London *Observer* reported Sept. 21, in an article entitled, "Food Scandal."

This recommendation is contained in a confidential report on the agricultural situation in Europe, carried out by an EC team, in the division headed by former Dutch Finance Minister Franz Andriessen. The report is now merely a proposal, awaiting adoption by the EC member states.

"What's involved is 750,000 tons of butter, 500,000 tons of milk powder, and considerable amounts of wheat and beef," one source said. "The prevailing view in the Agricultural Directorate is that there is no market for the food, that the existence of surpluses is keeping food prices down, and that too much money is being spent, unnecessarily, on food storage. They actually use the word 'burn,' and people here point to the precedent when, late last year, cereals were dumped into the North Sea. . . . Andriessen's people tell you the food is not suitable for famine situations like Africa."

According to an *EIR* source in Brussels, "The whole situation works to the advantage of the U.S.S.R., which only buys when the price is right, and which plays off Europe and the U.S. . . . against each other. Andriessen's personal cabinet has the attitude that the EC should follow three policy alternatives: Either store food; sell it off cheaply, increasingly to the Russians; or, destroy the food. So it's a very good situation for the Russians in Brussels."

The individual responsible for the proposal is the agent in the EC of French "Red Billionaire" Jean-Baptiste Doumeng. According to a European source, the individual is the French-born EC Director-General for Agriculture, Legras. Legras overses the work of the Agricultural Division's department that authored the food-burning proposal.

## AIDS

### 'Doomsday Report' fans British controversy

A confidential report has been prepared for the British Foreign Office recommending "stringent health checks, including blood tests, for all visitors to Britain" from Zambia, Uganda, and Tanzania. The report, according to the *Sunday Telegraph* of Sept. 21, is the result of a "secret, summer-long investigation, ordered by Sir Geoffrey Howe, Foreign Secretary, into the threat posed by AIDS in Africa."

The following are samples of the press response:

The *Sunday Telegraph*: The evidence in the report "has been supported by the findings of British doctors and health experts flown to Africa by Whitehall. So horrific are their discoveries and the potential threat to Britain, that the papers are being described by ministers and their senior advisers as 'The Doomsday Reports'. . . . It says that the biggest threat comes from Zambia, where 167,000 people out of a total population of 6 million are believed to be carriers, and where the figure is expected to double over

the next six months. . . .

"The incidence of AIDS in Africa is so high that medical screening is essential. . . . Ministers will certainly be accused of neglect of duty if they fail to act promptly to protect the British people from a massive health risk."

The *Times*, Sept. 22: "The spread of AIDS across many African states has reached such alarming levels that scientists believe radical public-health measures are essential."

The *Daily Express*, Sept. 22: British Conservative Parliamentarian Anthony Beaumont-Dark has called on Britain to take measures to protect itself against "plague. . . . Blood tests should be carried out. Visitors to this country should have a clean bill of health. . . . We may be accused of racism, but we should be more frightened of AIDS than of being called racist."

The head of the British National Council for Civil Liberties, William Birtles, has come out against the screening proposal, denouncing it as "racially discriminatory testing." And a senior official in the World Health Organization's AIDS monitoring and evaluation section attacked the proposal: "What these British diplomats who want screening for African visitors are proposing is not practical, and not cost-effective."

## Petroleum

### Senators act to protect U.S. industry

Several U.S. senators have readied legislation for an oil-import tariff to protect domestic production of oil, threatened by the dramatic drop in prices on the international market.

The concern expressed by these senators is not merely over the economic hardship caused by loss of domestic production, but the national security implications of allowing such production to collapse. "Imports of crude oil and petroleum products are threatening our national security interests," Sen. Don Nickles (R-Okla.) said recently on the

Senate floor, while pointing out that crude oil imports have increased 61.8% over 1985 for the four-week period ending Sept. 5. "We don't see pure market principles at work, but calculated maneuvers by government entities to increase their control over the world oil market," he said.

The parity (cost of production) price for domestic oil is \$22 per barrel. The proposed legislation provides that a drop of the international price below that amount would trigger the tariff.

The most recently formulated proposal is an amendment sponsored by Sens. Peter Domenici (R-N.M.), Frank Murkowski (R-Alaska), Nickles (R-Okla.), and David Boren (D-Okla.), to impose a \$4 per barrel oil-import tariff on any imported oil of \$18 or less per barrel. Sponsors hope to tack this onto some other legislation before adjournment.

While this legislation is given the greatest chance for passage by the Senate, its weakness, as producers have pointed out, is that the tariff gives little protection when oil prices fall below \$14 or \$15 per barrel.

## International Trade

### French oil firms seek naval protection

The French petroleum industry on Sept. 20 asked the Ministry of Defense to provide naval protection for its shipping in the Persian Gulf. The request came because of an attack on a French vessel the weekend of Sept. 19-21.

Jean-Louis Breuil-Jarrige, head of the oil workers' union, spoke on behalf of the industry, saying that oil companies could not guarantee the safety of sailors and tanker operators.

The 117,900-ton tanker *Brissac* was hit in a helicopter attack in the Gulf Sept. 13, and Breuil-Jarrige notes in his letter to the defense ministry: "It is clear that the French vessel was scrupulously identified by anonymous helicopters, which then opened fire on her with impunity."

## Briefly

● **JACQUES de Larosière** has announced his decision to resign as managing director of the International Monetary Fund, effective Jan. 1, 1987, purportedly for "family reasons."

● **A 'FLASH FLOOD** of activity" is going on between the European Community in Brussels and the Comecon, the *International Herald Tribune* reported on Sept. 23. Such activity is unprecedented, since the Soviets have never officially recognized the European Community. Now, the groundwork is being laid for a top-level meeting of the EC and Comecon by early 1987, where a mutual recognition declaration may be signed.

● **VENEZUELA'S** new tax law will reduce or end taxes on tourism, foreign investments, and banks, while increasing taxes to 50% on productive enterprises with profits greater than 5 million bolivars. According to the president of Fedecamaras, the Venezuelan federation of chambers of commerce, Rafael Garmendia, the law will reduce investment needed by the economy.

● **JAPAN'S** Ministry of International Trade and Industry (MITI) has announced plans to launch a three-year, \$5.6 million effort to develop a factory automation system. MITI's plans include building a computer system to combine automation and computer-aided design (CAD) systems. General Motors is said to be cooperating with MITI in implementing a version of GM's manufacturing-automation protocol.

● **A WAR ON GERMAN** beer was declared by the Euro-Commission with the decision in mid-September that German import bans on beer that does not fulfill strict standards of "purity," violate European Community regulations. The German government has protested the ruling. If the decision is not altered, beers flavored with kiwi, orange, or chocolate will soon invade the German market.