

# Business Briefs

## Transportation

### Deregulation clears House of Representatives

Legislation to deregulate the nation's trucking industry overwhelmingly passed the House two days ago, giving President Carter what amounts to his first legislative victory in several weeks. While the media tries to portray the bill as softer than an earlier Senate version, trucking industry and Teamster sources report that it will destroy the industry.

Each potentially crippling amendment to the bill was defeated. A Teamster-sponsored amendment, which would have guaranteed 80 percent of Teamster jobs and wages, was shouted down.

The Carter White House is laughing aloud about their successful blackmail operation directed against Senator Howard Cannon (D-Nev.) the Senate sponsor of the bill. A White House aide to Stuart Eizenstat, the President's chief domestic policy advisor, celebrated the victory at a Washington bar last night and revealed that it couldn't have taken place without help from the FBI.

The aide gloated that Cannon, an erstwhile opponent of deregulation, changed his mind last year about the same time the FBI began investigating him for allegedly taking a soft loan from the Teamsters in exchange for his anti-dereg stance.

"We were surprised, ha, ha, ha, when Cannon changed his mind," said the aide. "Really, the only thing we didn't know was the day he would do it."

Cannon has yet to be indicted for his Brilab involvement, but people close to him say that he had to support deregulation to make it look like the charges against him weren't true.

A similar operation was pulled on the House sponsor of deregulation, Rep. James Howard of New Jersey. Howard, who was originally opposed to deregulation, was named in the press as being under investigation in Abscam. When he "changed his mind" on deregulation, he was suddenly dropped from the probe.

Cannon, as part of a deal with the

White House, has promised to sponsor the House version of the bill in the Senate. If it is passed there will be no conference committee and Carter could sign this abomination into law when he returns from Europe.

## Monetary Policy

### Triffin pushes European federal reserve

Robert Triffin and other members of the so-called Siena Group plan to meet in Rome on June 21 to discuss the formation of the European Monetary Fund (EMF), according to the Italian daily *Il Fiorino*. The reported agenda of the meeting reflects the extent to which Europe's aristocratic and financial elites have been forced to adapt to French President Valéry Giscard d'Estaing's monetary initiatives.

Triffin, a longtime associate of the Belgian royal family and the inventor of the Special Drawing Right, is currently advocating the development of the European Monetary Fund as a European "Federal Reserve Bank."

According to *Il Fiorino*, the Siena Group will also discuss how to go about making the European Currency Unit (ECU) into a full-fledged liquid international currency which can be used to conduct trade with the OPEC nations and make payments for oil. A "European Oil Agency" may be set up as an offshoot of the European fund specifically for this purpose.

Although Triffin's program has nominal similarities with Giscard's, the important differences are primary. One example: West German investment banker Alvin Munchmeyer said in an interview this week that Giscard d'Estaing is resisting the European Federal Reserve idea because he sees it as an attempt to create an IMF-like supranational bureaucracy which would undermine French sovereignty. Munchmeyer works closely with Baron von Schröder of Schroeders Bank, which has not yet lived down its 1930s bankrolling of

Adolf Hitler as a "crisis manager."

Triffin himself told an *EIR* reporter June 18 that unlike Giscard, he opposes full remonetization of gold because it would "be too inflationary." Instead, Triffin advocated strict limits on the volume of new European Currency Unit issues in any given year. Triffin also downplayed the role a European Monetary Fund could play in extending credits to less-developed countries.

## Mergers and Acquisitions

### French bank's aggressiveness wraps up "mega-takeover"

Warburg-Paribas, the fascinating Paris-based international investment bank, stunned Wall Street and the City of London last week by aggressively pulling off a major North American merger deal. The deal was in behalf of the Pennsylvania-based Sun Oil Company.

This recent headline-making move by Warburg-Paribas follows by two weeks another aggressive deal arranged by its Paris shareholding parent, the Paribas commercial bank. Paribas took Eurotraders by surprise by "stealing" lead management of a dollar-denominated Eurobond for the World Bank, by slashing interest rates on the coupon. Since then, the Paribas-World Bank deal has become the pace-setter for "prime customer" Eurobond terms.

In the North American merger, Warburg-Paribas acquired Canadian Seagrams' holdings in the Texas-Pacific Oil Company for Sun by designing a package Seagrams' Bronfman family apparently could not refuse: \$2 billion plus continuing partial shareholding in Texas-Pacific's fixed assets. The June 17 London *Financial Times* characterized the deal as one of the most important "mega-takeovers" in North America, adding that the standard Wall Street investment houses have not shown Warburg-Paribas' skill and determination in clinching big merger deals.

# Briefly

## Merchant banking

### Storms in British bank hierarchies

For many years, Sir Kenneth Keith, chairman of the British merchant bank Hill Samuel, tried to make his bank a greater influence on the international markets through mergers and acquisitions. Not only did his attempt in this direction fail, but last week, when Keith's latest effort, to merge with Merrill Lynch International, completely broke down, Keith resigned from his chairmanship. "The Hill Samuel thing is the biggest thing in British merchant banking in a long time," a New York based British banker readily volunteered.

Other British merchant banks look at Hill Samuel as an "outsider," and appear pleased that its expansionary course has been put to rest. Strictly speaking, Hill Samuel is not British at all, but controlled exclusively out of South Africa. New York and London analysts have been quick to point out that since January, Hill Samuel has virtually disappeared from the Eurobond market.

## Agriculture

### Net farm income plunges

Net U.S. farm income plunged 40 percent to an annual rate of \$20.2 billion from the year-earlier \$34.1 billion, the U.S. Department of Agriculture reported June 13. Inflated production costs and low crop and livestock prices pinched net farm income to a \$27.6 billion annual rate during the first quarter of the year.

The U.S.D.A. predicts 1980 income will come out at \$21-26 billion, down from \$33.3 billion in 1979.

But a private consultant, among many others, foresees far worse. Economist Robert L. Marks of Siff, Oakley & Marks told the *Wall Street Journal* that

a 45 percent drop in net income was more likely. Even if farm prices recover their losses of the past year—about 8 percent—they'd still average 2 percent below the 1979 level. And production costs have averaged 12 percent above last year. That combination alone could push net income down to \$18 billion, a 45 percent drop from last year—the biggest single decline since the 55 percent drop in net farm income in 1921.

Loan demand has dropped significantly in many areas; rural banks are bracing for a sharp decline in loan repayments.

## Energy

### Coal study group stomps Europe for "post-oil" age

The World Coal Study project group put together by Massachusetts Institute of Technology researcher Carroll Wilson took off for Western Europe June 17 to garner support for a "new coal age." The group is committed to introducing a new economic "commonwealth" around using coal as the chief source of fuel to replace oil. They went to Europe to push for coal technologies to be a major subject of discussion at this week's Venice summit of western heads of state.

Other U.S. industry influentials working with MIT's Wilson on the project include Thornton Bradshaw of ARCO oil; Gordon Corry of Commonwealth Edison; W. Kenneth Davis of Bechtel; Robert Siemens of MIT; Pierre Gusselland of AMAX minerals; and Russell Train of the World Wildlife Fund.

Bechtel's Davis meanwhile presented the results of the group's investigation on June 18 before a conference of the Hoover Institute on "Contingency Planning for an Energy Emergency." Wilson recommends that the following countries be pulled into the push for primary use of coal: Australia, Canada, Denmark, France, Germany, Britain, and the U.S.

● **CYRUS VANCE** is now rumored to be in line for the presidency of the World Bank when Robert F. McNamara retires. McNamara has spent his 12 years at the bank enforcing a "ruralist" strategy for his clients in the underdeveloped sector, at the expense of project funding for industrial infrastructure. Under his successor, the bank intends to include in this "basic needs" approach more emphasis on non-OPEC energy resource exploitation.

● **MAURICE VALENTE**, the president of RCA, "was fired for the same reason that the president of CBS was let go. There is an intense fight between the environmentalists and anti-environmentalists at the networks," reported one source close to U.S. Defense Intelligence June 20.

● **THE NEW YORK DAILY NEWS** the largest-circulation U.S. daily, editorialized June 21 that the age of Social Security retirement ought to be raised so that "workers would contribute money for more years and draw benefits for fewer."

● **FORD MOTORS** permanently closed its assembly plant in Mahwah, New Jersey June 20, adding 4,500 to the unemployment list. It was the ninth major U.S. auto factory to close in the past 12 months.

● **THE INTERNATIONAL MONETARY FUND** has begun to ask for loans from private commercial banks. However, the banks are reluctant to lend to the fund, because they are uncertain how to analyze its balance sheet for risks. The fund's only real asset, they say, is its remaining stockpile of gold.