

Business Briefs

Banking

Glenn asked to explain Warner ties

"It's interesting that our senators Glenn and Metzenbaum have been so silent about this Marvin Warner case," an Ohio insider commented to *EIR* on June 10. "Usually both of them, especially Metzenbaum, have so much to say about everything, yet we hear not a word from them on this banking situation. Why? In Glenn's case, the answer may be that he still owes Marvin Warner several thousands of dollars from Warner's funding of past political campaigns of Glenn."

Marvin Warner, whose Home State Savings Bank's bankruptcy triggered a run on Ohio S&Ls in March, is now the subject of no fewer than 11 federal probes (see *Investigation*, p. 24).

Glenn's silence is all the more remarkable, in that he is a member of the Senate Permanent Subcommittee on Investigations, which has been looking into bank drug-money-laundering, for which Warner is notorious.

The source said, "The repercussions on the Ohio Democratic Party from this case could be endless; after all, Warner had business ties with Paul Tipps, the former Democratic Party state chairman."

On June 11, the National Democratic Policy Committee demanded that Senator Glenn come forward and explain his business/campaign financing deals with Warner, reportedly including a \$200,000 loan.

"Warner didn't lend Glenn any money, it was the bank," said an aide to Glenn.

The Debt Bomb

Indebtedness called greatest security threat

"Our countries are still choking on debt," Argentine ambassador to Washington Lucio Garcia del Solar warned on June 8. "That is a greater danger to the security interests of the United States than guerrilla wars in Central America, because if the situation is not

alleviated, the democratic presidents emerging in the biggest, most pivotal, countries . . . will be vulnerable to surges of populism pushing them toward the extreme right or left.

"In some countries," he continued, "it could mean a return to military dictatorship. In some, it could lead to resurgent leftist terrorism that will draw them into the East-West conflict. In the Andean countries, like Colombia, Peru, and Bolivia, there literally is a danger of the narcotics traffic becoming so important a source of national revenues that entire governments will be corrupted and come under the control of local drug mafias."

But, he lamented, "We are not getting this message across. The bottom line is that the U.S. government doesn't see the debt crisis as affecting the national security of the United States."

The Invisible Hand

Jersey bank ordered to produce records

First Fidelity Bank of New Jersey must produce any records which may reflect that they violated the law by not reporting cash deposits made by Resorts International, Federal Magistrate Serena Peretti ruled on June 11. Judge Peretti ruled that this information is relevant to the defense of Independent Democrats for LaRouche against libel charges by the bank. IDL is the 1984 campaign committee which promoted Lyndon LaRouche's election to the presidency.

The charges stem from leaflets distributed by IDL charging that the bank is tied to criminal elements, after the bank "hand debited" tens of thousands of dollars from the LaRouche campaign committee's account on election eve.

Resorts International, the international gambling concern established by the late mobster Meyer Lansky, set up the first casino operations in Atlantic City, New Jersey, on the basis of loans from First Fidelity. Casinos, of course, do not as a rule turn a profit as such, and Atlantic City's have been in the red since their inception. Their purpose is to launder dirty money. Hence the

importance of any cash deposits received by banks from Resorts.

When bank lawyer Epstein argued that the bank intends to go for summary judgment on the libel case, and would not produce documents until that motion was heard, the judge said that they had to produce the documents within 30 days regardless of the motion. She also ruled that the bank must produce all public documents in its possession regarding Resorts' attempts to get a license from the Casino Control Commission.

IDL had requested this information to demonstrate that the bank was aware of the allegations made during these hearings on the criminal associations of Resorts, but nevertheless provided the money to get its casinos started in New Jersey.

International Credit

U.S. demands ADB become IMF's arm

The United States dropped a bombshell on Asia in early May, demanding that the Asian Development Bank (ADB), the leading development and infrastructure credit lender in the region, be transformed into a regional adjunct of the International Monetary Fund (IMF).

American ADB Director Joe Rogers used an interview with the *International Herald Tribune* to declare that the United States rejects the idea "that there is such a thing as development economics." Later, in his presentation to the 18th annual meeting of the ADB April 30-May 2 in Bangkok, Thailand, Rogers demanded that the ADB attach IMF-style "conditions" to its loans, and use its lending to enforce "privatization" of the public sector in Asia. ADB project loans, said Rogers, "would be used for leverage or a 'sweetener' to bring about policy change."

Repercussions from Bangkok are not hard to project. The U.S. dictate to the ADB comes only a few weeks after both houses of the U.S. Congress voted up "Jap-bashing" resolutions against Japan, America's leading Asian trading partner.

Rogers' threats are backed up by a credit stalemate in U.S. payments to the ADB for

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1985. The most seriously threatened area is the Asian Development Fund (ADF), the "soft-credit" window of the ADB which specializes in credits for basic infrastructure projects to poorer member countries. Half of all ADF loans go to improvements in agriculture, and another 25% to energy development.

The United States is \$91 million behind in its yearly commitment of \$130 million to the ADF for 1985. Assistant U.S. Treasury Secretary David Mulford, who led the 16-man U.S. delegation to Bangkok, promised the U.S. would fulfill its commitments this year, but he and Rogers warned that future U.S. participation will be conditional on ADB willingness to ram down its members' throats the "free-trade," "private enterprise" claptrap coming out of Washington.

Resources

Texas may sue Exxon, King Ranch

Texas Land Commissioner Gary Mauro is threatening to sue Exxon Company U.S.A. and "the legendary King Ranch" to collect oil and gas revenue payments Mauro says were illegally denied the state. Mauro claims the ranch and Exxon shorted the state \$3.8 million.

The state owns mineral rights to 18,000 acres of the ranch, and Texas law requires the landowner—in this case King Ranch—to act as agent for the state and lease the state holdings at a fair price.

In 1933, the ranch leased its mineral rights to Exxon, then Humble Oil & Refining, for 13¢ an acre, but leased the state mineral rights to Exxon for only 10¢ an acre. The ranch's portion was covered by a protective agreement requiring Exxon to meet certain drilling requirements, while the state's portion was not. In 1954, the leases were renegotiated, and Exxon agreed to pay extra royalties to the King Ranch, but not to the state.

Mauro says he is willing to settle out of court for \$3.8 million. But, he warned, if the case goes to trial, he will seek to have the 52-year-old leases invalidated, which

could cost Exxon and the ranch up to \$70 million.

Soviet Economy

Growing twice as fast as the U.S.

"The Soviet Union's economic development is two or three times faster than that of the United States," bragged Radio Moscow on June 10. "The Soviet Union is the first in the world" in the production of 30 major items of industrial output, including steel, trucks, electrical and diesel locomotives, oil and gas.

Central Committee member Vadim Zagladin told *Le Monde* interviewer Giorgio Fanti that scientific and technological progress were a "strategic imperative" for the Soviet Union. He also spoke of the "economic superiority" of the Soviet Union.

The degree of that superiority is documented in *EIR's* first *Quarterly Economic Report* of 1985 (April 15), "The Recovery That Never Was," which confirms the accuracy of Radio Moscow's claims.

Food

Regan says there's too much grain

The expected "bumper crop" in the world's grain-producing regions is a major problem confronting the world economy, White House Chief of Staff and former Merrill Lynch president Donald Regan, told a meeting sponsored by the American Stock Exchange in Washington, D.C. on June 10.

Because Saudi Arabia and India were now becoming grain exporters, and "there are not enough markets" for the food, only trouble is ahead in the world grain markets, he said.

Regan did not mention starvation in Africa and parts of Ibero-America, due to the International Monetary Fund conditionalities policy for which he has been instrumental in maintaining White House support.

● **PAUL VOLCKER**, despite his success in destroying U.S. industry, agriculture, and government budgets over the last five years, thinks that "there is still a lack of discipline in dealing with our country's economic affairs that we must deal with." That's what he told a commencement exercise at DePaul University in Illinois on June 9. "The last two and a half years have been good, but not nirvana," he complained.

● **FRANK LORENZO'S** Texas Air announced on June 13 that it will acquire TWA for \$793 million. It already owns Continental and New York Air. Lorenzo allegedly "rescued" TWA from raider Carl Icahn. But Icahn, who owns 32.7% of TWA, stands to make \$78 million from Lorenzo's takeover, and L.F. Rothschild analyst Tim Pettee admits: "If Texas Air could impose Continental's cost structure on TWA, it would become a very formidable airline." That "cost structure" is the result of declaring bankruptcy in order to break Continental's union contracts. TWA's unions have so far given few concessions. Enter: Lorenzo.

● **IBM AND SIEMENS** officials are lying about the U.S. Strategic Defense Initiative in Europe. There will be few or no spin-offs from "Star Wars" research which can be put to civilian use, IBM Vice-President Louis Branscombe told a conference in Maastericht, Belgium in mid-June. A Siemens official from the United States echoed this line—curious, inasmuch as SDI technology spillovers in the computer and electronics fields, in which IBM and Siemens predominate, would be massive.

● **GERMANY'S KWU** has signed a "memorandum of understanding" with China for possible delivery of four 1,000-megawatt nuclear reactors to China. If concluded, the deal could be worth up to 5 billion deutschmarks. China's industrial modernization effort calls for construction of 10 nuclear plants by the year 2000.