

Business Briefs

Auto

GM steps up incentives

The nation's largest automaker has devised big new incentives to try to get rid of a record inventory due to sluggish car sales.

General Motors began its incentive-for-purchase plan Aug. 6, offering cash rebates of as much as \$2,000 in the effort to reduce inventories that are now running well over a 70-day supply. A 62-day supply is considered normal.

Other carmakers are having the same problem with sluggish sales, and have devised incentive programs of their own—even Mercedes-Benz, whose inventory rate is now at 50 days, when 37 days is considered normal.

BMW is offering low interest rates for the first time in the United States—as low as 6.9%. And, in recent months, several Japanese automakers, such as Mazda and Subaru, have offered incentive programs.

American Motors, acquired by Chrysler in June, is continuing its two-year no-interest financing. Dealers are reporting that even these incentives aren't enticing buyers.

Commerce

Would Verity boost Soviet economic plans?

The *New York Post* was critical of President Reagan's nomination of C. William Verity, Jr. as the new Secretary of Commerce to replace the late Malcolm Baldrige.

In an editorial Aug. 11, the *Post* called attention to the fact that "promoting trade with Moscow has been a chief focus" of the former Armco Steel executive's career.

Verity, like his father before him, is a key figure in "The Trust," the financial-political arrangements between the Soviet oligarchy and Western interests typified by Occidental Petroleum's Armand Hammer, Western interests working for the Soviet empire's expansion or on behalf of imagined deals with the Kremlin leadership.

While the *Post* advises the Senate to go

ahead with Verity's confirmation, but to "keep a close watch" on his activities in the U.S.-Soviet sphere, it specifies as points of concern:

"A key task of the Commerce Secretary . . . is to ensure compliance with restrictions on U.S. trade with the Soviets—and to satisfy himself that, from a national security standpoint, those restrictions are adequate. Verity, though, has long been a vocal critic of those very export restrictions, particularly in his capacity—during 1984—as co-chairman of the U.S.-Soviet Trade and Economic Council."

Technology Transfer

Iklé fingered five Japanese firms

U.S. Undersecretary of Defense Fred Iklé urged the Japanese government to investigate five firms in addition to Toshiba Machine, during a visit to Japan last December, *Kyodo* press reported Aug. 7.

Iklé said that the five firms were suspected of making illegal computer and other high-tech equipment exports to East bloc countries. The source would not name the companies involved, but said one firm was a subsidiary of the electronics giant NEC, and a trading company specializing in sales to the communist bloc.

The source said investigations by Japan's Foreign Affairs and International Trade ministries confirmed the allegations, and the exports have been stopped.

Development

Japan's foreign minister to tour South Asia

Japanese Foreign Minister Tadashi Kuranari will tour three South Asian nations and seek to establish formal relations between Japan and the seven-nation South Asian Association for Regional Cooperation (SAARC), the *Japan Times* reported Aug. 7.

Kuranari is the first Japanese foreign

minister to visit the region in 10 years.

He will visit India, Sri Lanka, and Bangladesh from Aug. 10-15, and tell regional leaders that Japan is planning to increase its investment in the region considerably, foreign ministry officials said.

Japan will also review its past assistance projects for India with a view to expanding them, which it has only done for one other nation, the Philippines.

To date, only 1% of Japanese overseas investment has gone to SAARC, while 66% has gone to the ASEAN nations.

Commercialization

Martin Marietta to launch satellites

Martin Marietta Corp. announced that it had signed a contract to place two communications satellites into geosynchronous orbit for the International Telecommunications Satellite Organization (Intelsat).

The announcement came only hours after the U.S. Transportation Department announced its approval for Martin Marietta to launch private satellites under the Reagan administration's space commercialization policy.

"The agreements between commercial launch companies and their customers . . . are proof that space is no longer the exclusive province of governments," said Transportation Secretary Elizabeth Dole at a ceremony at Intelsat's Washington headquarters. "Rather, it is the national domain of entrepreneurs."

Martin Marietta, builder of the Titan rocket, received permission from the Air Force to use launch facilities at Cape Canaveral Air Force Station in Florida Aug. 3. The company said it has eight other launch reservations and a contract in the offing with Hughes Aircraft to launch a Hughes satellite for the Japanese government.

McDonnell Douglas, which builds the Delta rocket, also signed contracts with Hughes last month, to launch two British television satellites, and with the Indian government.

General Dynamics, builder of the Atlas rocket, is expected to sign its first rocket

contract next month, according to the Aug. 11 *Washington Times*.

Banking

Mellon will cut back its workforce

Frank Cahouet, the new chairman of the troubled Mellon Bank Corp., the nation's 12th-largest bank holding company, announced reorganization plans to retrench as a regional bank.

Cahouet will end the Pittsburgh-based Mellon's efforts, begun 10 years ago, to become a national money-center bank, and lay off 10% of the bank's 19,000 employees.

Brought into Mellon from Crocker National to replace J. David Barnes after large recent losses, Cahouet will model his strategy on such regional banks as Wells Fargo and Pacific Security. He will drop efforts to expand into real-estate and energy industries.

Officials said the bank's error had been to "view themselves as being bigger than the region and they wanted to play with the big boys."

Space

Russians way ahead, says rocket designer

"The Russians are now years ahead along the path to space industrialization and poised to gain benefits which would give them economic leadership of the world," Alan Bond, designer of the HOTOL space-plane engine, told the *London Times* Aug. 11.

Bond heads the space propulsion division of Britain's Atomic Energy Authority. He continued, "At the moment, the Soviets have planned for nothing less than economic domination of the world. If our political system is to match the threat or beat it, we must treat space development as a massive engineering project composed of many ele-

ments, with detailed planning so each part fits its role within an overall plan. That is what the Soviets have done with *Energia* [their new super-boosted rocket] and the rest of its program."

Bond pointed out, "The Americans still do not believe it at all." The United States is treating space exploration "rather like a hobby."

Former U.S. astronaut Joseph Allen confirmed Bond's warning. The United States is becoming "the Portugal of space," he said—the country that got to the New World early, but then stepped back and let others develop it. By the time the U.S. space platform flies in the 1990s, Allen says, the Russians will "be putting condominiums up there."

Astronaut Pete Conrad, a veteran of the Apollo Moon landing and Skylab programs, added: "If you ask me who is building the data on going to Mars, I'd say they [the Soviets] are. A trip to Mars takes roughly 450 days. They'll have experience with men in space for 300 days if their current flight is successful. Our longest trip is about 85 days."

According to the *Times*, Conrad's views "are being echoed across the country as a trumpet of alarm has been sounded." One piece of evidence is the mid-August *Newsweek* cover story on the U.S. space program, titled, "Lost in Space."

Energy

Exxon to buy Goodyear's oil

Exxon, the world's largest oil company, announced that it is spending \$650 million to buy the remaining oil and gas reserves of Goodyear, the tire manufacturer.

Goodyear is in the process of drastically refocusing its core business in its efforts to fend off a hostile takeover from British financiers. The Celeron division, which Goodyear is disposing of, owns about 100 million barrels of oil and oil equivalent in California and off the West Coast.

Exxon has now spent more than \$1.5 billion to acquire more than 300 million barrels of domestic oil and gas reserves since 1984.

Briefly

● **IBERO-AMERICAN** bishops ended their late July meeting in Bogota, Colombia by issuing a denunciation of international "usury." Colombian Bishop Dario Castrillon said, "The Catholic Church has always opposed usury, and therefore disapproves of banks giving usurious credit." "The Church has no choice but to say: 'This is robbery,'" added Mexican Bishop Javier Lozano Barragan. He noted that the Vatican Justice and Peace Commission had endorsed "the idea of live first, and then pay debts."

● **THE JUSTICE** Department said Aug. 10 that it was dropping its civil suit against General Dynamics, the defense contractor, in which it had accused the company of overcharging the government. On June 22, a criminal case was dismissed against the company and three executives, among them James Beggs. The case had forced his resignation as head of NASA.

● **THE HOUSE** of Representatives has passed a measure by voice vote to pay farmers for idling cropland in 1988, and now goes to the Senate. It calls for growers of wheat, corn, and other feedgrains to collect 92% of their usual income-protecting subsidies, in exchange for not planting specified amounts of the cropland in 1988.

● **CONSUMER** installment debt rose to 20% of after-tax income in 1986, from only 14% in 1983, and provisions of last year's tax reform act will destroy consumers' ability to continue to absorb debt, according to a *Wall Street Journal* report. Tax reform eliminates the deduction for consumer installment debt.

● **LEGISLATION** to be introduced by Rep. Charles Rose (D-N.C.) would place a two-year moratorium on "animal patents" resulting from genetic research or cross breeding. The proposed ban responds to an April 3, 1987 Board of Patent Appeals decision to consider "genetic products"—i.e., animals—as patentable material.