Foreign buyers are bullish about U.S. firms

By GEORGE WHELER
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For Sale—American Business. All or part. Immac.condition. Immed. Del. Auto cos., retailers, computer cos. Make offer!

NEW YORK — The want ads don't read like that, but the stock market pages do, and those canny overseas investors are just the types who can translate the listings into bargain offers. They're coming on like shoppers at one of those Saturday morning appliance store markdown sales, grabbing up whole American businesses in the biggest invasion since the revolutionary war.

It's not only the Redcoats that are coming, it's the Hessians, or anyway, the Bavarians, the Swiss, the French, the Italians and, although they haven't surfaced yet, probably the Japanese will be along with their newly upvalued yen.

One of the biggest recent moves was the offer for Gimbel Bros., one of the country's biggest retailers, by the British American Tobacco Co. Ltd.'s American subsidiary, Brown & Williamson Tobacco Corp. The deal is big, involving a $200 million offer to Gimbel's shareholders. For that, the British combine is getting about $224 million worth of department stores and their associated paraphernalia, including Saks Fifth Avenue and its 29 branches and the 36 Gimbel's stores scattered through 10 states.

A more modest Bavarian incursion was announced last month in the purchase by the Sie Siemens group, based in Munich, of a small Cherry Hill, N.J., company, Computest Corp., for $4.9 million. Computest makes computer testing equipment. Siemens, a 126-year-old German firm that makes heavy electric and electronic equipment, with its $6 billion in projected sales for the fiscal year ending in September, would rank among the dozen or so largest American corporations if it were based here.

What has all these foreigners over here picking over our companies? The answer is primarily the low levels to which stocks here have been beaten. An added bonus has been the drubbing that the American dollar has taken in the devaluations of the past year and a half. With the 20 per cent lowering of the dollar in relation to the West German mark since August, 1971, for instance, what used to be $5 worth of marks will now do the work of $6 worth.

Otto Dax, 56-year-old president of Siemens Corp., the American subsidiary of Siemens that did the actual buying of Computest, acknowledged that the devaluation was an advantage, but he said: "We are not buying factories because it's cheaper now than before. We decided three years ago on expansion and we plan more. It (the devaluation) is just coincidental."

And it's true. The advantage Siemens got from international monetary complications was as nothing in the case of Computest compared with the pounding it has taken in the stock market. The stock was trading around 4½ when the offer was made and Computest's president, Richard Endres, who will continue in that job, said yesterday that the Siemens price represented about a 40 per cent premium over that to shareholders. Yet Computest hit 8⅞ in 1972, during a fiscal year when it had a deficit, and back in the heyday of high technology computer outfits, in the 1960s, it even reached a high of 46¾.

Computest, of course, is one of those research-and-development-related outfits that Wall Street used to be willing to pay astronomical prices for on the hope that they'd get taken over by IBM, with payment in the form of some of that blue-chip IBM stock. The company also happens to fit, according to Sax, the Siemens requirement for such domestic know-how which, he says, is unavailable in Europe. But there are plenty of more solidly-based companies around whose shares have been beaten down to what amounts to distressed merchandise prices.

One of them is Chrysler Corp. "When did you see a popular DJI (Dow Jones Industrial) stock like Chrysler sell at 4½ times projected earnings on the heels of reporting record earnings (as it did in May)?" moans Indicator Digest. Stock in the country's third largest auto manufacturer has come up a bit — to five times the latest 12-month's earnings, but it still has to be classed as vulnerable.

So far, there's been no word of any foreign mercenary's drawing a bead on Chrysler. But in the current depressed state of American business, there are plenty of other examples. Besides those mentioned, Stouffer Foods passed from the tired old conglomerate hands of Litton Industries to Switzerland's Nestle Alimentana on payment of $100 million. France's Gardinier group acquired the Tampa Agricultural chemical operation of Cities Service. And an Italian firm, Liquigas S.P.S., is wrestling in U.S. courts for the Ronson Corp.

Political opposition goes the way of society pages

By RUBEN ALABASTRO
Agence France-Presse

MANILA—Martial law in the Philippines has tamed Asia's hardest-hitting press. Newspapers which used to belch blood, fire and juicy gossip have grown timid, or are dead. The fate that has overtaken the once-combative Manila press falls in with a pattern evident in governments controlled by strongmen.

In the Philippines, the man who brought the hammer down was a 55-year-old former soldier and barrister whose relations with the press, extremely cordial at the start, were to reach an ironic climax with the jailing of some of his newspaperman friends.

President Ferdinand Marcos cracked the whip of martial law on Sept. 23 last year accusing the press, among others, of conspiring with Communist "subversives" in an attempt to usurp his powers. In Manila, some 30 journalists, including leading publishers, were clapped into jail and the offices of all eight major English-language newspapers were padlocked.

Also sealed were the offices of four vernacular and three Spanish dailies, several Chinese newspapers, 14 English-language weeklies, 10 vernacular magazines, 6 television channels and 20 radio stations. Sixty-six community newspapers and 292 radio stations were shut down in the provinces.

Today, four major dailies, three in English and one in the vernacular, and several weeklies have resumed publication. Three television channels and a large number of radio stations are also back on the air.

But there has been a marked change. The two English dailies most critical of the Marcos administration, the Manila Times and the Manila Chronical, have dropped out of sight. The widely circulated weekly Philippines Free Press, which had fiercely fought as many presidents as this country has had, has also stopped publishing.

Editorial and opinion columns have reappeared but the signatures of commentators who spewed "revolutionary zeal," sheer bombast, or lurid gossip have disappeared. And hard-hitting articles and exposes, before which many a politician's knees were supposed to have trembled, have vanished from the pages of Manila newspapers.

A reader sniffs vainly today for even the faintest breath of scandal in government. Martial law also brought death to one of the hallmarks of Philippine journalism, the crime story with its lurid details of murder, or rape.

Circulation-boosting society columns, in recent years spiced up with gossip accounts about private lives of celebrities, also died last September. One of the first acts, in fact, of Martial law authorities was to ban society pages from newspapers. And some gossip columnists were among the first to land in jail.

"There is little disagreement about the previous state of the press," Information Secretary Francisco Tatad claimed recently. "All its victims will attest to this." In pre-martial law days, such a statement would have drawn swift counter-salvoes from the press which maintained that a free press served as a check to government misdeeds.

The result was a bitter debate between government and press, such as this country had never seen, over the role of the press in a society bogged in social ills, and how this role was to be carried out. Today, the press that had been a "lion" in its time or had the image of one, has lost its growl.

Such has been the evolution of the Manila press in 10 months' time that now the government, finds ground to complain that newspapers have become "timid," easily given to praise.

"Uninformed conformism," Tatad said, "will not build the new society, just an uninformed heckling did not contribute anything to the old."

Report says escalation planned before pledge

(C) 1973, The Washington Post

WASHINGTON — A secret report prepared by the Senate Foreign Relations Committee says that the escalation of U.S. tactical bombing in Cambodia — which has since leveled off again — was planned and put into effect at least 5 to 10 days before the White House's June 29 pledge against further bombing escalation.

The information in the classified report contradicts charges by some war critics that President Nixon "double-crossed" Congress by deliberately increasing the bombing immediately after the no-escalation pledge was given to Congress as part of a compromise ending all further bombing on Aug. 15.

The escalation of U.S. fighter-bomber sorties (but not B-52 raids) in Cambodia was announced by the Pentagon July 2—only three days after the White House's no-escalation pledge.

Sen. Walter Mondale (D-Minn.) the next day accused the president of a deliberate "double-cross of the Congress."

A number of other war critics reacted the same way privately. The Foreign Relations Committee ordered a study of sortie rates to determine when the escalation began.

The committee report, circulated to several committee members last week concludes that the fighter-bomber sortie rate, whch had been running about 180 to 200 a day, dropped to a low point of about 150 daily in the middle of June.

But then it began to escalate again toward the end of the month. It reached a level of slightly more than 200 toward the end of the last week of June and then jumped to its highest level—between 250 and 275—on June 30, the day after the no-escalation and Aug. 15 cutoff agreements were concluded between the White House and Congress. The next day, July 1, it dropped again to just over 200 and has remained at about that level the first week of this month, the report states.

According to one source, the report makes clear that the plan to escalate, to take advantage of better weather and to counter Communist ground activity, was approved by field commanders on June 20—nine days before the no-escalation pledge was given and long before it was being discussed on Capital Hill. The actual bombing step-up began three or four days later—on June 24.

The report gives no explanation of why the escalation didn't stop immediately. The no-escalation agreement was reached June 29, but the stepped-up bombing continued one more day beyond that. But it hints that poor coordination between Washington and commanders in the field in Indochina may have been the explanation.

The agreement to cease all further Indochina combat activities Aug. 15 unless Congress expressly authorized them to continue was given to Congress by the President, through public statement by House and Senate GOP leaders, on June 29. As part of the agreement, Foreign Relations Committee Chairman J. W. Fulbright (D-Ark.) read a statement declaring that the White House agreed to refrain from escalating the bombing in the six weeks until Aug. 15. GOP leader Hugh Scott (R-Pa.) stated that the White House agreed to this pledge.