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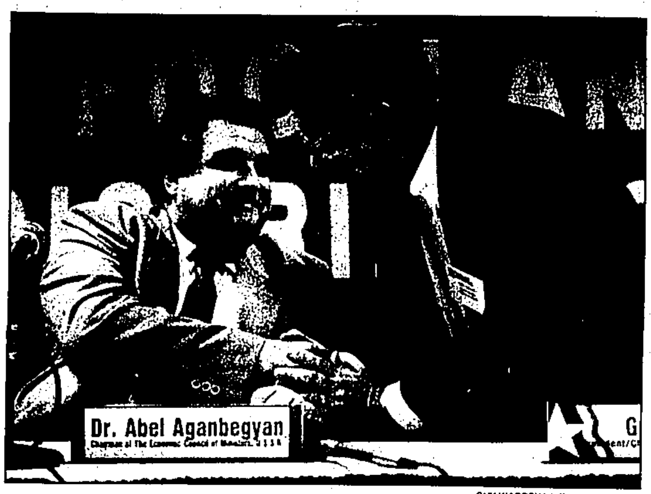

GUY WARREN/staff photographer

Abel Aganbegyan, chairman of the Economic Council of Ministers in the Soviet Union, receives congratulations from Greg Gallus, president and chairman of Foodland Distributors, following remarks at the supplier's Livonia headquarters/warehouse.

Soviet economist drops in for food distribution study

By Janice Brunson
staff writer

Based on recent world events, a new day is dawning in the Soviet Union and a Livonia-based company have been cast to play a small role in the unfolding drama of economic reform.

Foodland Distributors, a food wholesaler serving some 160 supermarket and grocery stores in a 250-mile radius, Tuesday hosted Dr. Abel Aganbegyan, chairman of the Soviet Union's Economic Council of Ministers and a leading advocate of a market economy in his country.

Aganbegyan's visit is part of a two-week tour of the United States, studying and evaluating American systems for food distribution. He visited Foodland's offices and warehouse on Middlebelt and two retail supermarkets serviced by Foodland, including Kroger in Garden City.

Greg Gallus of Farmington Hills, president of Foodland Distributors, is expected to address members of the Soviet economic council in November, according to Mark Markarian, an international marketing consultant who arranged Tuesday's tour because "Foodland is a singularly outstanding firm."

Gallus welcomes a continuing relationship. "Why re-invent the wheel? If we can share ideas (with Soviet economists) about what we do efficiently, we're conserving energy and resources."

AGANBEGYAN, A CLOSE personal friend of Soviet president Mikhail Gorbachev, said Soviet harvests of such commodities as potatoes and wheat are the largest in the world but "our problem is distribution."

Potatoes rot in the fields because, he said, the means of delivery — storage and transportation — are "state property and nobody profits. *We must destroy state distribution* and open the way to private ownership.

"We have the wrong economic system. It is impossible to organize the economy in a modern society without a market. We've tried. We must return to the way of old civilization, a return to the market," Aganbegyan said.

"We must learn from the best Western experience," he said.

In 1989, Aganbegyan authored "Inside Perestroika: The Future of the Soviet Economy." He advocated radical reform, stimulating the economy by imposing market forces and financial credits, in unison with increased democracy and self-administration.

The process turned out to be slower, more difficult and more painful than anticipated primarily due to three mistakes in an economic plan of 1988, he wrote. Goszakaz or state purchase of goods is little more than business as usual, ministries charged with reform are not up to the task and benefits to the working class are unsatisfactory.

RECENT EVENTS in the Soviet Union have affected Aganbegyan's tour.

While the economic council which he represents is nonpolitical and information he gathers is expected to influence future economic decisions, time has assumed new importance, he said.

"I don't think it (current political turmoil) is finished yet. I hope this is the turning point and will push economic reform.

"As soon as possible we must move to a market economy, but it is most difficult now. A free market demands free pricing but (removing state controls to) increase prices (now) is socially dangerous. But we do not have time to wait.

"It is a very dangerous situation. We face a crisis, economic as well as social. We have destroyed our sys-

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Private colleges refocus on corporate donors

By Mary Rodrique
staff writer

There was a time in the not so distant past when corporate America generously provided grants — no strings attached — to private colleges and universities.

That trend has gone the way of the horse-drawn wagon, thanks in part to the recession and a desire by corporations to target funds for a specific cause.

Enter William Liebold, new president of the Michigan Colleges Foundation, a non-profit corporation providing financial support to 15 of Michigan's private, independent four-year liberal arts colleges.

"The national trend is moving away from corporate giving. Gifts are harder to obtain. How to grab what is out there — that is the $64,000 question," said Liebold, who assumed the job on Aug. 1.

As president, Liebold is responsible for the day-to-day operation of the foundation, founded in 1949. Since its inception, donors have invested nearly $40 million in its member colleges.

Commuting from East Lansing to Southfield daily, Liebold has started to schedule dinner meetings with presidents of each college the foundation represents — from Adrian College to Spring Arbor.

"I want to get familiar with the product so that when I meet with a corporation, I can say Albion has this or Olivet has that," he said.

"The trendy cause now is (supporting) K-12 education. Corporations are putting their resources there. But our colleges train the teachers who teach the students in K-12," Liebold said.

AS COMPANIES have shifted their attention to school reform, money that once went to colleges and the arts is being used to foot the bill. More frequently, corporations are demanding that non-profits demonstrate how the companies will benefit from making charitable contributions. Often they move away from giving to small liberal arts colleges to giving to larger, research oriented institutions.

But Liebold is not deterred.

"We're blessed in Michigan with a corporate consciousness which is very socially responsible," he said.

Liebold began his public-service career in 1968 as a VISTA volunteer teaching reading and math to young adults in rural Kentucky. Later he joined the faculty of the Detroit Business Institute as an English instructor. For seven years, he served as a special assistant in the Michigan and Washington, D.C., offices of then U.S. Rep. James Blanchard. When tapped for his current post, Liebold was in private consulting at Lansing Community College.

"When approached I wasn't familiar with the organization, and I consider myself fairly well informed," he said.

Attacking that as part of the problem, Liebold hopes to achieve a higher visibility for the foundation. And he says he'll accomplish that the old-fashioned way, by making phone calls to businesses.

"I want to boost contributions. That is my commitment," he said. "We're certainly in a holding action in Michigan. Hopefully we'll find a way to give (colleges) an infusion of new money."

MICHIGAN IS ONE of 37 states that have a college sponsorship program. At a recent seminar in Colorado Springs, Liebold learned that shifting corporate giving patterns is part of a national trend.

"The good news is that many associations like ours have adjusted to the new reality, approaching with new arguments and receiving corporate support as a result," he said.

One tack Liebold will use is to visit a potential sponsor, identify the challenges the company faces, then offer to hook up the company with a college that can provide solutions.

"Both the college and the sponsor will get a direct benefit."

Housed in a small basement office in a large Northwestern Highway office building, the Michigan College Foundation has a staff of four — including its president. Together the staff processes almost $2 million in contributions annually, filtering the money to the colleges. Undesignated money is divided 60 percent equally, 40 percent in proportion to student enrollment.

The 60-member board of directors, chaired by Jacobson Stores president Mark Rosenfeld, is comprised 75 percent of corporate members and 25 percent of college presidents.

Top shareholders, or contributors, include Chrysler Corp., NBD Bancorp, the Skillman Foundation, Ameritech, Kellogg Co., Michigan Bell and Upjohn. Investors come from Michigan communities ranging from Allegan to Zeeland. Contributions range considerably. Chrysler Corp., giving more than $100,000 annually, sponsors a minority scholarship program.

In addition to visiting with existing givers and asking for their continued support, Liebold hopes to "do a little missionary work and get some new converts."

"It's nice to have a role where you honestly feel you are making a difference," he said. "There's nowhere else I'd want to be."

William Liebold
foundation president

Some insurers, like banks, founder in troubled waters

By Sid Mittra
special writer

analysis

This is the first in a series regarding the state of health of insurance industry.

Life insurance has always been a powerful business in our society, faithfully paying out retirement, current income and death benefits down through the generations.

Americans have always believed that their policies were founded in a bedrock of sound investments. That's why the recent financial woes of several giant insurance companies have sent shock waves through the financial services industry.

Understandably, concern is being expressed in the wake of several runs by policyholders and state takeovers of insurance companies. The present patchwork of state regulations regarding the insurance industry has left some policyholders protected and others holding the bag.

Since January of this year, 12 insurance companies have been declared insolvent. Some of these are high-profile insurance companies, including Executive Life, First Capital Life, Fidelity Bankers Life, Monarch Life and Mutual Benefit Life.

But state regulators have not shut the doors at all of these companies. When an insurance company is bankrupt, what happens to its policyholders depends on the company's resources. For instance:

- Mutual Security Life stopped honoring claims in October after seizure by the state of Indiana. Annuity checks soon flowed again, but death benefits were not paid for six months.
- At Monarch Life, nothing changed. Massachusetts put the company into receivership last May, but it has functioned normally and is paying all claims.
- Executive Life is paying all death claims. But savings are frozen. Annuities are being paid at 70 percent of the original benefit.
- Mutual Benefit is covering both death claims and annuity payments. But no cash withdrawals are allowed.
- Equitable Life Assurance Society, bruised by poor real estate and junk bond investments and losses on its guaranteed investment contract business, is doing OK after a $1 billion cash infusion by the French insurer Groupe Axa S.A.

THE INSURANCE industry does maintain guaranteed funds, but they operate by rules far different than those controlling the Federal Deposit Insurance Corporation. Here are the key rules:

- State rules govern the insurance-finance guaranty funds. These rules vary considerably from one state to another. Only 20 state insurance funds cover guaranteed insurance contracts, or GICs.
- To collect, your insurance must be in liquidation. For instance, you can't collect from Mutural Benefit because it is in default, not in liquidation.
- In general, you are protected for up to $100,000 in annuities and insurance cash values, $300,000 in death benefits and $300,000 for all claims combined.

But there is a bright spot on the horizon. Most companies in trouble do make exceptions for the hardship cases, such as medical emergencies and imminent homelessness. But it is not automatic, and a given case can be subject to different interpretations.

For instance, since April 1991, Executive Life has had 288 hardship requests. Money has been paid out in 90 cases, 102 requests have been rejected, 82 have been returned for more information and 14 are still under consideration.

Next week, insurance ratings will be discussed.