

government inherited the war-damaged plants, renamed them Salzgitter AG, and nursed them back at a cost of more than \$1 billion. Salzgitter provided work for some 70,000 people in a tense and economically weak area and showed a modest profit after it was rebuilt in 1957. But those were still the years of Germany's reconstruction when any and all steel was in demand.

Blunders. With a return to normal times and increasing competition, trouble began. Salzgitter's iron ore proved inferior and too expensive to compete with ore from Sweden, Venezuela and Liberia. Ore stockpiles grew to 2,300,000 tons. Seeking to diversify, Salzgitter blundered into acquiring the ailing Büssing truck works for \$12.5 million in the early 1960s. Recently Treasury Minister Kurt Schmücker called that decision "the most striking error made by a company's management in the past few years." Büssing now contributes more than half of Salzgitter's losses; every fourth truck from Büssing goes without a buyer, and the park of unsold trucks stands at 700.

A more recent mistake was to invest \$100 million in a new rolling mill that exceeds Salzgitter's steel capacity. Thus the company has to purchase semi-finished steel from the Ruhr to use the mill economically. As Germany's largest producer of iron ore and ships, fourth-largest coal producer, and seventh-largest steelmaker, Salzgitter is in just about every problem industry in Germany. "The only thing we are missing to complete the whole scale of weak industries would be a textile plant," says Wolfram Langer, 51, State Secretary for the Treasury and new chairman of Salzgitter, who has the task of reforming the company.

Still Trying. So far, the program includes seeking out partners for Salzgitter's coal, steel and iron-ore production in the private sector. Two new oxygen steel converters are to be built at a cost of \$9,000,000 each to restore a balance between steel and rolling-mill capacities. The merger of Salzgitter's shipyards, Howaldtswerke of Kiel and Hamburg, with Deutsche Werft, a private shipbuilder, into a vast enterprise with combined sales of \$200 million will take place Jan. 1. Büssing will cut its labor force by 2,000, and has been ordered to try cooperation agreements with other truckmakers that might eventually lead to merger.

MICRONESIA

Island Millionaire

"It's fun putting things together," says Kenneth T. Jones, a former farm boy from Willow Springs, N.C., who has been putting things together ever since he hit the beaches of Japanese-held Guam as a Seabee in 1944. Now 50 and a solid 240-pounder, he is the millionaire owner of a diversified commercial kingdom ranging from supermarkets to construction and cattle ranching and, most recently, the first luxury ho-



JONES OUTSIDE NEW ROYAL TAGA HOTEL ON SAIPAN
And now the Bar-K ranch, where the jungle meets Broadway.

tel in the U.S. Trust Territory of the Pacific Islands. "Next to the Government, Ken Jones is the biggest thing on Guam," says a local dignitary.

Where the Memories Are. Jones's assets are listed as worth \$10.5 million. In fiscal 1967, his enterprises had total sales of nearly \$19 million, up 18% from last year, and gross earnings of \$1.1 million, 25% more than in 1966. His department store, "Town House," is the best-stocked on the island and is being expanded into a shopping center planned for mid-1968. His three-store Pay Less supermarket group will grow to five by the end of next year. His American Motors Agency is the only one in the world that outsells both G.M. and Ford in its sales area. A restaurant that he leased for 50 years is considered the best in Guam; his Cliff Hotel in Agaña, the capital, is packing them in in such numbers that he has started adding one room a day to the original 118.

Last week the Royal Taga, a 53-room luxury hotel on the neighboring island of Saipan, opened for business as part of Jones's gamble that tourists will discover the deserted white beaches of the Micronesian islands. "It won't throw Hawaii out of the picture," he admits, "but there are good beaches here, and there is good fishing." There is something else too: memories of bloody fighting during World War II. Significantly, the majority of tourists who have booked rooms at the Royal Taga for the next six months come from Japan. They will look out of their windows onto a beach that U.S. Marines assaulted back in 1944; the rusty wrecks of two U.S. tanks still lie in the water. Jones is planning to sell package tours to Saipan, including air fare, room and board, and sightseeing in his fleet of U-drive cars. He plans to add 50 rooms to the Royal Taga.

Some ten miles south, on Tinian Island, where the *Enola Gay* took off with the A-bomb for Hiroshima and jungle encroaches on concrete roads named Broadway, Fifth Avenue and Lexington Avenue, Jones is clearing the bush for his largest investment in Micronesia's future, the Bar-K ranch. He leased 7,500 acres of Government land, almost one-third of the entire island, has already built 32 miles of fence and brought in 920 head of Black Angus-Hereford cattle from New Zealand. His goal is a herd of 8,000 head, plus hogs and chickens to supply a good part of the island's meat demand.

And on to Horses. The ranch seems to be Jones's true love. "You start out as a farmer," he draws, "and you learn year by year. My daughters try to sophisticate me, but they'll never knock the farmer out of me."

In 1944, soon after the fighting died down, Jones was not thinking about going back to the farm. "I realized that this place was kind of a hub in the Pacific. I thought it would be fun to come in and start with nothing and pioneer this thing." He saved up \$3,000 for a start; but lost almost half of it in a poker game on the way back to the U.S. With his remaining funds, he bought cheap watches, jewelry and trinkets, and sent them to a Guamanian friend to sell. To get back to Guam as a civilian, he had to sign up for a year as a U.S. civil service employee.

When the year was over, Jones went into business. After a profitable deal with 140 war-surplus Jeeps, he expanded swiftly into supermarkets, shipping, housing—and he has no intention of stopping. One of his latest projects involves ten race horses imported from Australia. Sooner or later, there will be a track in the islands, he explains, and "when that day comes, we'll want to win the race."