

Trumped by the market

HE WAS lionised in the Eighties as the man with the Midas touch. He had an ego to match the gullibility of the bankers who could not wait to pour money into his hands to finance the next deal.

Donald's name was magic, and he made sure everyone knew it: TRUMP went up in lights, just to remind an awestruck public that the boy had made it Big.

With an inherited \$25m, he went on a spending spree, financing acquisitions with borrowings and using the escalating value of property as collateral.

According to estimates by *Forbes* magazine, assets worth \$3.7 bn compare with \$3.2 bn he owes. With declining values, Trump is heading for a negative net worth, while struggling to generate cash to pay the interest on his loans.

Trump placed himself on the classic escalator. Property prices were supposed to rise fast enough to cover the cost of borrowings. He paid little attention to history, which is full of land booms — and slumps.

Now Donald Trump is trying to keep his dream afloat by selling bits and pieces to pay his creditors.

Should we care about the fallen idol? Yes, because his personal fate is tied up with the social welfare of Manhattan, where he worked most of his deals.

SYMBOLIC of the man — and the Eighties — is the 100-acre derelict site on the west side, the biggest drain on Trump's cash flow.

When he bought it for \$110m in 1985, the



• One-hundred acre disaster — Trump's controversial site

Penn Central trains had already stopped shunting into the yards alongside the Hudson River.

Trump values the land at \$650m. Last year *Forbes* estimated the site as worth about \$200m. How do we explain the enormous discrepancy? Differences in expectations.

Donald wanted to build Trump City there, with buildings offering 14.5m square feet of rentable space, including a shopping mall and a 150-storey tower. Wealthy nearby residents objected.

In March, he announced revised plans in an effort to win support from the city government and civic groups. Under a tentative compromise, the developments had collapsed to 8.3m square feet, to include 1.8m square feet of motion picture and TV studios.

Rental income has been drastically revised down, along with the capital value of the site.

Trump may be struggling with his bankers, but so far no-one has pointed out that he and his kind are not the real victims of the economic crash.

The artistry of his land deals caused the price of real estate to soar and led the economy into a price-and-cost structure that could not be sustained.

Manhattan is a granite outcrop, but Trump built his glitzy towers on the quicksand of speculative values.

When the market could take no more, his empire had to crash.

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helicopter gunships, fighter bombers, and napalm to destroy a 500-person guerrilla insurgency. It is estimated that the army killed an additional 6,000 to 8,000 people in the process. Similar conflicts occurred in Nicaragua and Honduras, and — with less violence — in Costa Rica.¹¹

Regardless of the consequences, the struggle for equitable systems of land tenure go on, and where victories have been won, there also have been victories for the environment. During the first five years

after the Nicaraguan revolution, the Sandinista government instituted a program of land reform which successfully halted all rainforest colonization projects.¹²

The struggles of Appalachian farmers to preserve their lands from large coal companies in Kentucky, Brazilian rubber tappers to continue their sustainable cultivation of the Amazon, and Hopi Indians to keep Big Mountain from the steel jaws of the uranium mining companies are lights in the darkness. Support for these and other just systems of land tenure is support for a healthy environment.