

Business Briefs

Energy

Watkins demands Shoreham be saved

U.S. Energy Secretary James D. Watkins issued a fighting statement to save New York's Shoreham nuclear plant, slated to be decommissioned and dismantled at the insistence of Gov. Mario Cuomo and the agreement of the utility, Long Island Lighting Company (LILCO). The statement was released by his office in mid-April. Excerpts from the statement, titled "Will Alice Find Shoreham in Wonderland?" follow.

"If state officials have their way, two weeks after April Fools' Day, about 2.5 million New Yorkers will be hornswoggled into footing the bill for one of the most foolish deals in the nation's history.

"What's at stake is the \$5.6 billion Shoreham nuclear power plant. State authorities want to buy the plant for one dollar, dismantle it, and pass the bill on to consumers in the form of increased electricity rates and to federal taxpayers in the form of a massive \$2.5 billion tax write-off. . . .

"How can state and local officials claim they will provide reliable electric power into the future when brownouts are already occurring on Long Island? Residents face likely brownouts this summer and in the years ahead. . . . When demand outpaces supply, will the politicians have the courage to tell their constituents to sweat more in the summer?"

"How can officials declare that Shoreham is unsafe and that evacuation is impossible if they refuse to participate in emergency planning exercises?"

Science

Italians reproduce 'cold fusion' results

A research team of the Italian state nuclear energy agency ENEA, headed by Prof. Francesco Scaramuzzi, reported a "cold fusion" experiment April 18 which they say produced many more neutrons than other reported experiments. Neutron flux is proportional

that the process discovered by scientists Martin Fleischmann and Stanley Pons, and announced on March 23, is nuclear fusion, as they have claimed.

The announcement of the Italian result was made to a packed news conference at ENEA headquarters in Rome, by company president Umberto Colombo.

Until the Fleischmann-Pons results, it was believed that very intense heat, on the order of the temperature of the Sun, was an indispensable condition for fusing the nuclei of hydrogen atoms to generate fusion energy—safe, clean, and virtually inexhaustible. But instead, using the heavy metal palladium, the two scientists apparently were able to produce fusion at room temperature.

Perhaps the most provocative element of the Italian report is that the experiment was conducted without using electric current. According to conventional physics and previous experiments, a significant rate of deuterium penetration into the metal lattice requires an electric current to help the process along: Positive deuterium ions are attracted to the negative electrode.

It appears that the experiment has also been reproduced in Brazil. Dr. Spero Pehna Morato told a press conference a day after the Italian announcement that he and other researchers at the Institute of Energy and Nuclear Research (IPEN) and the University of São Paulo had measured neutron radiation at twice the natural level, after they passed an electric current through a palladium sheet dipped in heavy water.

Agriculture

Yeutter calls for reduced farm supports

U.S. farm support spending must come down, according to Agriculture Secretary Clayton Yeutter, in testimony he gave April 19 to the Senate Agriculture Committee, during hearings on what the 1990 farm bill should contain. Yeutter said, "If we wish to have an impact on [other countries'] farm bills, it would be unrealistic to expect the negotiations to have no effect on our legislation."

Yeutter stressed that the United States has to be competitive abroad, and that U.S. farmers must be more "flexible." He questioned why some farmers are receiving what he called unnecessary support.

Meanwhile, the European Commission is continuing to meet over how much to cut European Community 1989-90 farm prices. When talks began in mid-April, 500 farmers demonstrated outside the meeting hall. Typical of the burden on farmers is the situation of British grain growers. Their prices have dropped by over 9% in recent months, because of the automatic application of the EC cereals "stabilizer" and other price mechanisms, and inflation.

The Environment

Spain's González boosts debt-for-nature swaps

Spanish Prime Minister Felipe González gave a speech before the European Parliament on April 12, in which he stated that he plans to put "debt-for-nature" swaps, and the specific role the European Community can play in them, on the agenda of the next meeting of Heads of State and Governments in June. González was speaking in his capacity as Head of Government of Spain, which currently holds the presidency of the European Community.

The swaps, which have been implemented in Bolivia, Ecuador, and other Third World countries, give control over chunks of a nation's patrimony to outfits like the World Wildlife Fund, in exchange for relief on foreign debt payments.

Corporate Strategy

Drexel faces trouble with takeover bid

European banking sources report rumors that Drexel Burnham Lambert is in trouble over its share of the \$25 billion RJR Nabisco takeover.

Drexel is reportedly having serious dif-

facilities raising its promised \$5 billion for the takeover. Domestic U.S. junk bond prices are falling sharply since the huge bid was finalized, putting enormous strains on Drexel. Drexel has just announced that it is taking on former Securities and Exchange Commission chairman John Shad to help improve its image in the financial markets.

Trade

Japan, Korea seek agreements with U.S.

Japan called for urgent ministerial talks with the United States on April 18. Foreign Minister Sosuke Uno told Japanese reporters that he wants to meet Secretary of State James Baker immediately to prevent worsening trade friction.

Japan's trade surplus with the United States shot up again in March, to \$4.13 billion from \$3.40 billion a year earlier—news that triggered fears of more trade conflict.

Meanwhile, South Korean Trade Minister Seung-Soo Han apparently made little if any progress in his mid-April trip to Washington to attempt to head off a new U.S. assault against Korean trade policies.

Han conferred with four U.S. cabinet officers and two senior congressmen April 17 and 18. Speaking at a news conference April 19, he noted that the United States was considering giving the Philippines special aid to strengthen its democratic government. "Our democracy is much more fragile and much younger than the Philippines', and therefore, the advice is not to destabilize the liberalization program," he said.

Industry

New Zealand Steel now owned by China

The People's Republic of China has taken over New Zealand Steel, Ltd., the *International Herald Tribune* reported April 19. Through a government-owned trading corporation, China outbid both New Zealand

and Australian companies. The company is New Zealand's largest steel manufacturer.

The price of the takeover was estimated at some \$215-245 million.

New Zealand Steel was privatized in late 1987, and the holding company, Equicorp, went bankrupt in January—a problem for New Zealand's "ambitious" privatization program, the newspaper reported.

Minmetal, the state-owned Chinese company which took over NZ Steel, said acquiring the company fulfilled a long-term objective. It intends to maintain supplies to New Zealand as well as exports, including to China. Minmetal hopes to receive New Zealand government support. China is one of the world's biggest steel importers.

China may have wanted the plant mainly for technology, a Japanese steel trader in Beijing told the newspaper, because NZ Steel is one of the few successful examples of a direct-reduction steel plant in the world.

Austerity

Five die in new Jordan riots

Five people died and more than 30 were injured when riots over price hikes spread to new towns throughout southern Jordan April 19, after 4,000 people rioted a day earlier in Ma'an. Jordan and the International Monetary Fund agreed April 13 to a five-year austerity plan to balance the budget.

On April 16, prices were upped 15-50% on a list of goods including beverages, fuel, and irrigation water. To soften the blow, the government has retained subsidies on rice, meat, flour, and other staples, but the riots are spreading anyway.

King Hussein was visiting Washington when the riots broke out, and according to Reuters, told reporters that Arab states are partly to blame for "defaulting" on financial help for Jordan, which has a foreign debt of at least \$6 billion.

"The main reason for this rioting is because of the price increases," said a hotel worker in Ma'an about the ongoing food riots. "The government had better believe that we are starving. The people of the south are starving."

Briefly

● **ECOLOGICAL** imperialism is the view taken by Third World nations of policies designed to stop "global warming," said Fred Singer, chief scientist of the U.S. Department of Transportation, in testimony before the Senate Committee on Foreign Relations. Singer said that the solution to environmental problems lies in advances in technology, such as fusion energy.

● **TAIPEI** International Service editorialized March 28, "No matter what the R.O.C. government does, Washington seems unsatisfied." It reported that U.S. imports from Taiwan in 1988 "rose by an astounding 135%." Since 1986, Taiwan has cut tariffs by 17% down to 5.8%. The Taiwan dollar has risen 45% since 1986.

● **THE COMMUNITY** Nutrition Institute, a consumer advocate group, on April 3 officially asked U.S. Agriculture Secretary Clayton Yeutter to suspend the Export Enhancement Program, under which huge amounts of grain have been shipped to the Soviet Union and China since 1985. Rodney E. Leonard, the group's executive director, wrote to Yeutter that the expected wheat harvest this year will leave stocks at their lowest level since 1952.

● **700,000 LAOTIANS** in the southern provinces face severe food shortages because of late rains and a poor harvest. Food price rises of up to 500% have sent thousands in search of food. Vietnam reports that 1 million face food shortages, including in the "rice bowl" Mekong Delta.

● **U.S. BANKS'** earning reports are worse than expected, because the bankers had expected to be able to put big interest payments in their plus column, and instead had to increase their loan loss reserve. They had expected Brazil to pay two years' worth of interest in time for the payments to be reflected on this quarter's balance sheets.