

Business Briefs

Nuclear Power

Japan to launch ambitious program

The Japanese Ministry of International Trade and Industry (MITI) recommended in late July a trillion dollar program for Japan to build 122 nuclear power plants that would supply nearly 60% of national electricity by the year 2030. Hisamitsu Arai, director of MITI, said the cost of the recommendations was estimated at \$1.1 billion. MITI officials said work had already begun on the proposals.

Japanese power companies now operate 32 nuclear plants that provide 26% of the nation's energy needs. Only France, the United States, and the U.S.S.R. are ahead in nuclear energy generating capacity.

The recommendations suggest "additional efforts" to maintain safety and prevent human error at the 122 plants by improving training and introducing new technology. Arai, also said that the Japanese people would "understand" and "accept" the plans for nuclear supplying nearly 60% of the nation's electricity.

The report also said it was a matter of importance for Japan to establish its own nuclear fuel cycle and urged the government to promote the construction of enrichment and reprocessing facilities.

Strategic Defense

British gov't opens office for contracts

A British government office aimed at helping local businesses bid for U.S. SDI contracts was officially opened in London on July 16.

A Defense Ministry spokesman said the SDI participation office in the ministry would provide a direct link between British companies and the U.S. SDIO. The office's director general, Stanley Orman, said Britain could expect to win up to \$195 million a year in contracts at the height of U.S. spending on the program, though next year the

figure was likely to be about \$75 million.

The office will send regular bulletins informing firms of opportunities coming up. "U.S. companies are more used to bidding here than British companies are there. But I believe we have a better chance now of bidding on SDI than we had on any previous U.S. program," he said.

The Invisible Hand

Free-enterprise vs. the war on drugs

In an attack on President Ronald Reagan's loan of troops to assist Bolivia in eradicating drug production, the *Chicago Tribune's* Stephen Chapman on July 19 gave an unusually explicit statement of the "free enterprise" ideology behind the movement to legalize drugs.

"The Reagan administration's dispatch of American troops to Bolivia . . . is an admission of failure that betrays the futility of the war on illicit drugs. . . . Bolivia's drug traffickers are only doing the same thing as Japanese automakers, Saudi oil producers, and Taiwanese textile manufacturers—supplying Americans with a product they want. . . .

Chapman's article followed by one day an editorial in the *Tribune* that also attacked the war on drugs, again on free-enterprise grounds.

Chapman continued: "As long as Americans are willing to pay foreigners for cocaine and other drugs, some foreigners will be willing to take whatever risks are necessary to provide them. . . . That is what makes the use of American military forces such a bad idea. . . . If it substantially reduces the available supply of cocaine in the world, prices will rise, attracting more suppliers elsewhere. The more vigorous the government efforts to eradicate drug traffickers, the more financially lucrative it becomes for those traffickers who can elude the authorities."

Chapman continued, parroting the free-enterprise line of another Chicago "economist," Milton Friedman: "Only through grossly excessive penalties and draconian

invasions of citizens' liberties could Washington hope to dry up the demand that calls forth the supply. . . . Cocaine and other drugs may be dangerous, but the risk lies with those who choose to use them. It is not the proper role of the government to protect adults from the consequences of hazardous choices. . . . The Reagan administration may be willing to pay any price, but the price is already too high."

Luddites

German Socialists attack nuclear power

The West German state of North Rhine-Westphalia has renounced the planned construction of four nuclear power plants and deleted them from the state development plan, Environmental Minister Matthiesen announced in Dusseldorf July 14, as reported by Hamburg Television.

Matthiesen said the state government now considered the development of nuclear power unjustifiable after the disaster at Chernobyl. Kurt Biedenkopf, the head of Chancellor Helmut Kohl's Christian Democratic Party in the state, is also a foe of nuclear power.

In a related development, the national executives of the DGB, the German Labor Federation, voted at their meeting in Frankfurt on July 20 for a "withdrawal from nuclear technology as soon as possible." This goes for "all new power projects," they stated, as well as "for those power projects under construction, or facing completion."

The DGB leaders want the state to fund "alternate energy research" and "energy-saving as a main source of energy."

Chernobyl Disaster

Cleanup continues as heads roll

Soviet officials announced in mid-July that they will start two of the units at the Chernobyl nuclear plant site in October, but not

the third reactor, which shares ventilation and cooling pipes with the damaged fourth unit. Eric Pozdyshev, the new director, made the announcement through *Pravda*.

The Soviets announced in June that they planned to double their nuclear energy output in the next five years. Nuclear now accounts for 11% of Soviet electrical power, 14% of which was supplied by the four 1,000-megawatt plants at Chernobyl.

The Soviets have begun to purge those alleged responsible for the disaster, firing the plant director and four key nuclear officials who would be tried on criminal charges for "gross errors" leading to the April 26 accident. A special meeting of the Politburo, TASS said, had determined that the accident was caused by "a series of gross breaches of the reactor operational regulations by workers of the atomic power station."

The only indication of the nature of this negligence was TASS's report that "experiments with turbogenerator operation regimes were conducted at the fourth generating unit when it was sidelined for planned repairs at night."

TASS said that the accident had caused 28 deaths, many injuries, and direct losses amounting to \$2.9 billion.

U.S. 'Recovery'

Two more banks, one realty firm fail

Two more banks were declared insolvent by bank regulators on July 18, bringing the total number of failed banks nationwide to 75 during 1986.

In Trimble, Tennessee, the Farmers Bank of Trimble was declared insolvent and put into receivership under the Federal Deposit Insurance Corp.

State regulators closed Permian Bank of Odessa, Texas, saying the bank had been driven into insolvency by large loans to energy-related industries. By mid-afternoon, the FDIC was unable to find a buyer for the bank, the fourth to fail in the Midland-Odessa area since 1983. The failure was the 12th in Texas this year.

In San Diego, the Federal Home Loan

Bank Board said on July 21 that it closed Sun Savings and Loan Association of San Diego and transferred its insured accounts to a new federally insured mutual association. The new Flagship Savings and Loan Association opened in San Diego on July 21. Sun is the 12th savings association to be closed by the Bank Board this year. The Bank Board said Sun became insolvent because of construction loans.

A large California real-estate firm, Ves-teq Financial, filed for Chapter 11 Protection on July 18. The San Mateo-based syndicator for real-estate partnerships, owns more than \$400 million worth of property, 90% of it in energy states such as Texas and Colorado.

Austerity

Hospitals close in Italy despite AIDS

As a result of the budget cuts imposed by the International Monetary Fund (IMF) on the Italian government, hospitals are shutting down in Italy, beginning with the two main hospitals in Naples. The two are the only hospitals in Naples equipped to treat AIDS and other infectious diseases.

Naples has a San Francisco-like incidence of AIDS cases.

They were forced to shut down on July 7, because their budget was cut from \$150 million to \$50 million, as a result of the *Finanziaria*, the Italian "Gramm-Rudman bill," introduced at the prompting of the IMF.

"Unless the government decides to withdraw these cuts, and to grant a moratorium on the \$80 million debts, we will not be able to open hospitals again," Professor Farnisano of the Naples Polyclinic said. "Out of 2,900 beds, only 300 are occupied now," because of the hospital cutbacks. "And we are normally full." Thousands of patients are being diverted to city hospitals, already overcrowded and more poorly equipped than the Polyclinic.

Also affected are Rome and Palermo, Sicily, with university polyclinics dependent on the Health and Education ministries' funding.

Briefly

● **COCAINE SMUGGLERS** of the Medellin, Colombia area were indicted by a U.S. federal grand jury on July 22 in the slaying of drug-informant Adler "Barry" Seal. Fabio Ochoa, Pablo Escobar, and Rafael Cardona were paraded in Baton Rouge, Louisiana.

● **FA ME S** numbering in the hundreds were on hand to greet two Air Force transport jets loaded with hay donated by Illinois farmers to South Carolina to help keep livestock alive in that drought-stricken state. About 300 farmers each received 65 bales of hay on a first-come, first-serve basis. Two trainloads of hay were also delivered. The operation was organized by Illinois Gov. James Thompson, the Organization of Governors of Southern States, and the U.S. Air Force.

● **THE AMERICAN** Petroleum Institute (API) warned of the dismantling of U.S. oil production in a mid-July report which notes that the number of active drilling rigs has dropped from its 1981 peak of 4,500 to 700, and that approximately 250,000 jobs will be lost because of the \$13 billion reduction in oil capital expenditures.

● **SEVERAL JAPANESE** cabinet members have been reported near agreement that Japan should participate in the U.S. Strategic Defense Initiative (SDI). A final decision on participation will be made shortly, since a new cabinet has been named. Defense Agency director Koichi Kato said that the group also discussed the extent of government involvement and classification policy.

● **"WE WILL NOT** implement the IMF conditionalities" declared Egyptian President Hosni Mubarak in a mid-July interview with the *Al Musaawar* weekly magazine in Cairo. "The IMF has the right to say whatever it wants" continued Mubarak, "but we will not negotiate with the Club of Paris. . . We will negotiate only on a bilateral level with our creditors, countries with which we have good relations."