

Business Briefs

Foreign Aid

U.S. to cut aid to Sudan

The United States is expected to cut all economic assistance to Sudan during May or June. This will involve \$120 million, especially affecting a \$40 million special assistance wheat sale project which could be terminated by early July. The cut will not affect the U.S. Agency for International Development (AID), however.

The *New York Times* reported that the cut will be made on the understanding that "Sudan is hopeless" economically, and cannot be helped.

However, the crucial aspect, the *New York Times* virtually admits, is the administration's "New Yalta" dealings with Moscow over "regional matters." While Sudan was generally assisted on the basis of Sudan's strategic position in the Horn of Africa and pivotal role in regard to Egypt, Chad, and Libya, "recent consultations between the United States and the Soviet Union" have led to a reassessment of the "strategic importance" of the region. That is, the United States is ceding the region.

Agriculture

Repossessed German farm tools to Russia?

Armin Blum of the West German Society of Small and Medium-Sized Businessmen, which is affiliated with the Christian Democratic Union party, is organizing for a massive sale of equipment from bankrupted German farmers to the Soviet Union, according to the Soviet government newspaper *Izvestia* April 22.

Many of the up to 140,000 small West German farmers who are already bankrupt or soon will be, are trying to sell their machinery in a saturated market. The machinery could be crushed for scrap metal, but Blum "came to the *Izvestia* editorial office recently with a request for help in selling

this equipment to Soviet peasants."

Izvestia lists what is offered: "Complete sets of machinery and instruments for private farms with a complete cycle of production. There are the necessary tools for cultivating, processing, and storing potatoes, vegetables, fruit, and sugar beets on areas of up to 3 hectares. With, of course, small tractors and a selection of trailers. There is equipment for stock-raising units, including refrigerators and small shops for producing dairy products, sausages, hams, and so forth. In addition, small mechanized workshops are offered with a full range of machine tools, as are rural forges with instruments and diesel stations for an independent energy supply. From 15,000 to 20,000 of these kits could be sent to family farms in the U.S.S.R. as early as August of this year."

The suggested price is 5-10% of the original cost of the machinery, and might be even further reduced, to the equivalent of the price if sold as scrap metal.

Izvestia's editors urged action by the Soviet government to overcome bureaucratic and other obstacles to the deal, such as lack of hard currency, saying, "We cannot wait."

Food

U.S. to sell more grain to Soviets

President Bush approved the sale of 1.65 million tons of wheat at subsidized prices to Russia on May 2, after three weeks of disension in the administration. Earlier, the administration had agreed to raise the ceiling on this year's overall grain (wheat and corn) sales to the Soviet Union from 20 to 24 million tons.

The subsidy mechanism is the Export Enhancement Program (EEP), under which government-owned grain is given free to the grain cartel companies, to guarantee their profits when they sell grain at a discount to the chosen customer—in this case, Russia.

President Bush, in a written statement May 2, said that the White House "concluded that the dual objectives of maintaining market share for our farm exports and ad-

vancing international negotiations warrant the use of the EEP in this case."

According to the *Washington Post* May 2, Bush began a round of consultations with key members of Congress on May 1, after a cabinet council meeting failed to produce a decision on whether to approve a U.S.-subsidized sale of 3 million tons of grain to the Soviets. Budget officials had opposed subsidizing any portion of the added sales, as too expensive. The National Security Council also opposed the subsidized sale. Some senior White House officials opposed it on free trade and other economic grounds. The Agriculture Department supported it.

"In addition, several other agencies maintain that U.S. stocks are so low now that prices to U.S. consumers could rise if the subsidized sale goes through," said the *Post*.

An unnamed administration official told the *Post* that Bush was "leaning" toward approving subsidies for half the purchase, which seems to be what he did.

Energy

Watkins fights for Shoreham nuclear plant

Energy Secretary Adm. James Watkins, the former Chief of Naval Operations, on April 28 launched an all-out effort to put the Shoreham nuclear plant on Long Island, New York, on line, and immediately ran up against a wall of hysterical counterattacks from New York Gov. Mario Cuomo and a host of anti-nuclear activists. Watkins proclaimed the planned dismantling of the fully constructed and licensed Shoreham plant to be "stupid."

"If activists can keep it from running, then by God, I can prevent things from being shut down when it's stupid," proclaimed Watkins.

He denounced Governor Cuomo's effort to strike a deal with Long Island Lighting Company, owners of Shoreham, in which the state would purchase the plant for one dollar in exchange for granting LILCO a major rate increase. Once purchased by New

York, the plant would be dismantled. Watkins denounced this as "irrational" and a "tragedy unfolding."

Cuomo fired back, calling the energy secretary's call for Shoreham's startup "the temperamental foot-stomping of a disgruntled Washington bureaucrat."

Watkins, a nuclear physicist and a protégé of Adm. Hyman Rickover, the father of the nuclear Navy, has vowed to wage a vigorous pro-nuclear campaign. He described the internal problems within the Department of Energy in this regard as serious, noting, "a significant cultural turnaround has to take place."

Science

New York Times cold on fusion

The *New York Times* has launched an early attack on the extraordinary experiments of Dr. Stanley Pons of the University of Utah and his former teacher, Britain's Dr. Martin Fleischmann.

Fleischmann and Pons produced a "cold" fusion process in the laboratory, that is, demonstrated release of energy by fusion, which heretofore was thought to depend on generating temperatures approximating those of the Sun. Their experiment, however, was conducted at room temperature, and has the scientific world in an uproar.

The *Times* denounced "cold" fusion in an April 30 editorial, "The Utah Fusion Circus." The editors said that the reported results of the experiment lacked "reasonable credibility." It would be best, the editorial continued, if the pair "disappear into their laboratory."

The *Times* seemed unphased by the fact that the experiment's results have been reproduced around the world a dozen or more times since its March 23 announcement—everywhere from Japan to the United Arab Emirates.

Attacks on scientific breakthroughs are a *New York Times* tradition going back more than a century. *Times* editorials, for example, denounced the Wright brothers as hoaxsters, and warned the reading public

that Edison's electric light bulb would cause pregnant women to miscarry.

Meanwhile, at the American Physical Society meeting in Baltimore May 1, several speakers also attacked the new breakthrough, saying they had found "no evidence" for cold fusion. Chemist Nathan Lewis of the California Institute of Technology said that there were conventional explanations for what Pons and Fleischmann found, and that the heat produced was a normal process of a fuel cell.

Neither Fleischmann nor Pons was present at the meeting. But fusion scientist Steven Jones of Brigham Young University, who had independently conducted similar experiments, did address the meeting and, as the *Baltimore Sun* put it, "stood by his evidence of cold fusion," although he noted that his experiment produced only a fraction of the energy that the Fleischmann-Pons experiment produced.

Banking

Gonzalez 'disgusted' with Bush S&L plan

Rep. Henry B. Gonzalez (D-Tex.), chairman of the House Banking Committee, has proclaimed himself "thoroughly disgusted" with the White House's plans for the savings and loan system.

Congressman Gonzalez sent a letter to President Bush on April 21, charging that during a meeting the previous day at the White House, administration aides had turned a deaf ear to his plan to require the thrift industry to finance low-income housing. "I am thoroughly disgusted," Gonzalez said in an interview with the *Dallas Morning News*.

Gonzalez argues that if the thrift industry receives government assistance through the \$157 billion package, it has a "moral responsibility" to finance low-income housing. "It seems a matter of basic fairness that these taxpayers be assured that the dollars they are expending will actually produce an industry that carries out a public purpose," he wrote to Bush, "... meeting the real housing needs of the nation."

Briefly

● LAWRENCE LIVERMORE

National Laboratory in California has announced two new spinoffs from Strategic Defense Initiative research: "photon torpedoes" and technology for realizing super high-power dye lasers. Possible applications include miniaturization of particle accelerators. For example, the Superconducting Super Collider, currently projected to be about the size of the Washington Beltway, could be scaled down to fit in a living room.

● A RAILCAR

shortage could threaten U.S. grain exports this year, said William Harding, a vice president at the Louis Dreyfus grain company, at a railroad conference in Montreal at the end of April. He said the current fleet of 100,000 cars couldn't handle a good harvest. If U.S. grain exports rise to 5 billion bushels this year, as some predict, the railroads might need as many as 140,000 cars in peak periods.

● ISRAEL'S Bank Hapoalim

is making an unprecedented provision for bad debt of \$450 million, mainly to cover its huge exposure to Israel's highly indebted kibbutzes, the country's collective farms. Losses incurred by the nation's top five banks, largely due to bad kibbutz debt, rose over \$1 billion at the end of April. Banks also made large loan loss provisions to cover for the bad debts of Koor Industries, owned by the Labor Party-allied union federation Histadrut.

● TWO MILLION

head of cattle in Uruguay are expected to have died by early winter because of spring and summer drought.

● CONSTRUCTION

spending fell for the third month in a row in March in the U.S., by 0.3%. It had fallen 0.8% in February and 0.7% in January. Though the entire fall was due to a 9.1% plunge in public construction, many analysts expect the building industry to stay sluggish because of rising interest rates.