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★★★

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**** 75 CENTS

Dirty Work

Environmental Posse Fights a Lonely War Along the Rio Grande

Hector Villa's Harried Crew In Texas Gamely Attacks Rising Tide of Polluters Abandoned Rigs Full of PCBs

By ROBERT TOMSHO

Staff Reporter of THE WALL STREET JOURNAL
EL PASO, Texas — At a makeshift border checkpoint at the Cordova Bridge, which spans the Rio Grande here, Hector Villa tries to lop off a truck trailer's lock with a mammoth pair of bolt cutters. But while he struggles with the lock, a battered pickup loaded with rusting steel drums races by, disappearing quickly over the crest of the bridge into Mexico.

"It just goes in," mutters Mr. Villa, the brawny district manager for the Texas Water Commission, the state's primary environmental enforcement agency.

It's another frustrating moment for the man with the unenviable task of policing the environment along 100 miles of the Rio Grande. This morning, he and his inspectors are waiting for the Mexico-bound big rigs that, they suspect, regularly barrel across this bridge loaded with illegal shipments of hazardous waste. Before long, truckers begin turning off before they reach the bridge, apparently tipped off by CB radio. The inspectors turn up only car parts and pork rinds.

A century ago in these isolated borderlands, Judge Roy Bean, "the law west of the Pecos," tracked down horse thieves with his posse of gunslingers. Today, Hector Villa plays a similarly lonely role chasing renegade waste haulers and other polluters, but with some frustrating twists: His quarry leaves few trails, budget problems cramp his style, and his only posse is a handful of unarmed water-commission inspectors.

With municipal agencies thinly staffed, U.S. Customs preoccupied with drug smugglers and the nearest environmental



Hector Villa

What's News—

Business and Finance

GENERAL MOTORS canceled a makeover of a decade-old line of mid-sized cars and intends to stop selling the line at the end of the 1996 model year. GM also indicated it won't re-vamp some other mid-sized models until 1995, as the car maker struggles to sort out its overlapping offerings in a market segment where the company has lost ground since the mid-1980s.

(Article on Page A3)

Continental Airlines agreed to sell a majority stake in the carrier to an investment group including Air Canada for \$450 million. The accord requires bankruptcy-court approval. The deal would help give Air Canada access to a global airline network.

(Article on Page A3)

EC foreign ministers rejected a French demand that they draft retaliatory trade sanctions against the U.S. in response to U.S. plans for 200% duties on about \$300 million in European products, including white wine.

(Articles on Page A21)

Saudi Arabia apparently joined some other OPEC members in endorsing new output restraints to support higher oil prices. The kingdom denied it has been producing as much as has been reported. Crude prices rallied.

(Article on Page A2)

MCI filed a plan with the FCC calling for it to issue three nationwide licenses to provide wireless phone services. Each license would go to a group of communications concerns. MCI hopes to manage one of the networks.

(Article on Page B1)

First Bank System agreed to acquire Colorado National Bankshares, Colorado's largest remaining independent bank, for \$513 million in stock. Colorado National shares jumped \$6.125, or 16%, to \$38.875 on the news.

(Article on Page A16)

Digital Equipment, Sun Microsystems and Hewlett-Packard each are expected today to unveil powerful new

World-Wide

THE SUPREME COURT DEALT a blow to employees who have AIDS.

The court left intact a ruling that said self-insured companies aren't barred by a federal employee-benefit law from reducing health insurance coverage for workers with AIDS. The justices refused to hear an appeal of a decision by a federal appellate court permitting an employer to slash coverage for AIDS-related treatment as long as the company is motivated by a desire to save money, rather than animosity toward AIDS sufferers. (Article on Page A4)

The justices agreed to decide whether an individual who seeks bankruptcy-law protection from creditors must pay extra interest as a penalty on delinquent home mortgage payments.

President-elect Clinton isn't expected to press immediately for controversial measures such as campaign-finance overhaul and the line-item veto, in order to keep relations with Congress upbeat during his first 100 days. Separately, Clinton said "there are a lot of very troubling signs in the economy."

A British criminal court judge dismissed the trial of three British businessmen who had been charged with selling arms-making machinery to Iraq, after a former cabinet minister conceded that he had encouraged such sales, knowing that the equipment was being used in an Iraqi munitions plant. (Article on Page A26)

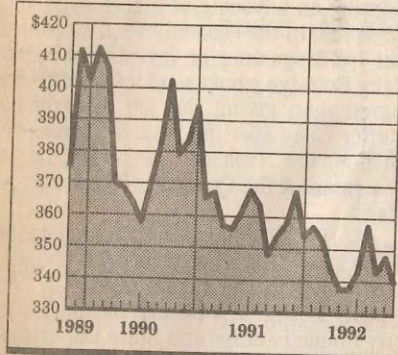
Russia and Britain signed the first friendship treaty between the two nations since 1766. Russian President Yeltsin, making his first official visit to Britain, appealed for aid in rescheduling Russian debt, and urged British companies to invest in a new capitalist Russia. Yeltsin met for several hours with Prime Minister Major.

A food-labeling standoff remained unresolved between two lame-duck cabinet secretaries, making it increasingly likely that the Clinton administration will decide how much nutrition data appears on the labels of 600,000 food items. (Article on Page A6)

About 100,000 Germans marked the anniversary of the 1938 Nazi "Kristallnacht" pogrom that foreshadowed the Holocaust, staging rallies in dozens of cities to denounce rightist violence. In Rome, nearly 50,000 people took part in demonstrations against anti-Semitism and racism.

Gold Prices

In U.S. dollars per troy ounce.



GOLD was priced in New York at \$339.40 a troy ounce on Oct. 30. This was down from \$347.80 on the last day of September.

Juliet of Verona Gets a Lot of Letters From the Lovelorn

Her Correspondence Secretary
Shepherds All Her Replies;
Star-Crossed Saudi Romeo

By LISA BANNON

Staff Reporter of THE WALL STREET JOURNAL
Any man that can write may answer a letter.

—William Shakespeare
Act II, Scene IV
"Romeo and Juliet"

VERONA, Italy — Fate bequeathed a strange legacy to this small city in Northern Italy.

As the setting for Shakespeare's 16th-century tragedy "Romeo and Juliet," Verona inherited the curiosity of literary scholars, a celebrated theatrical tradition and several hundred thousand tourists a year.

In the bargain, the city also became the star-crossed lovers' capital of the world.

"We don't know how it started exactly," explains Giulio Tamassia, the bespectacled city spokesman for matters relating to Romeo and Juliet. "But one day in the '30s, these letters started arriving—unprompted—addressed to Juliet. At a certain point somebody decided Juliet should write back."

Juliet's Address

What began 60 years ago as an occasional correspondence has grown into an industry. This year more than 1,000 letters from the Lovelorn will arrive in Verona addressed to Shakespeare's tragic heroine.

Labor Letter

A Special News Report on People And Their Jobs in Offices, Fields and Factories

GLOBAL GAINS: Two reports should ease labor's fear about the world economy.

Only 196 of 650 overseas investments by U.S. manufacturers last year went to countries with low labor costs, Ernst & Young says. Many U.S. companies are seeking access to customers, technology and skills in industrialized countries, not cheap labor, says Jim Searing, director of the firm's International Business Services Group.

Separately, the Labor Department reports that employment in foreign-owned U.S. businesses grew 6.6% from 1989 to 1990, compared with growth of less than 1% in all U.S. establishments. Average monthly wages grew 6.8% in foreign-owned U.S. establishments, compared with a 5.4% rise in all private-sector U.S. enterprises.

British, Canadian and Japanese establishments accounted for half the jobs in foreign-owned enterprises; most U.S. foreign investment went to Canada, Britain, Germany, France and Mexico.

CONSTRUCTION COMPANIES face a worsening skills gap.

Job applicants have fewer skills than in the past, yet the work is becoming more demanding. "There's more complex instrumentation, new materials," says Cliff Mumm, president of Becon Construction, Houston. Computer and math skills are especially needed; for instance, workers often use a complex laser alignment tool instead of the old bubble level, says Brown & Root Vice President Joe Stevens.

Jerry Dunn, president of Yeargin Inc. in Greenville, S.C., says skilled workers are harder to find now because wages are higher in manufacturing than construction, a reversal of the pattern of the 1960s and 1970s. Meanwhile, special new skills are in demand; the industry will need some 250,000 workers trained in hazardous waste cleanup, for instance.

CRASH COURSE: Two industry groups move to bolster construction training.

The Associated Builders and Contractors this year started offering four-year training courses in five construction specialties. Besides working with hundreds of employers, the trade group offers the training to high-school juniors in 19 Texas school districts; after graduation, they will complete their training while on the job. ABC plans to add more skills and other schools.

At the same time, the Laborers International Union and Associated General Contractors last year trained about 33,000 U.S. and Canadian workers in construction skills.

Mean Streets

Auto Insurer Strikes Gold in Neighborhoods Others Have Forsaken

Robert Plan's Policyholders Live in Urban America, Where Theft Is Rampant

'There Are No Manuals Here'

By SUSAN PULLIAM

Staff Reporter of THE WALL STREET JOURNAL

The Flushing section of Queens, N.Y., isn't the kind of place most automobile insurers want to hang out a shingle: A car is stolen there almost once an hour, one of the highest rates in New York City.

But Robert Plan, which insures some of those cars, is no ordinary insurance company. Started nearly 30 years ago by a native of Manhattan's tough Lower East Side, its main markets are the inner-city neighborhoods many insurers shun as unprofitable.

Chronic losses, due primarily to auto theft, have pushed some auto insurers out of the business in recent years. In many states, Aetna Life & Casualty Co. no longer offers auto insurance, and last year, Allstate Insurance Co. left New Jersey, saying it couldn't make a profit there. Meanwhile, the number of stolen cars has been rising; last year, more than 1.6 million cars were stolen in the U.S., mainly from urban areas, an increase of 32% from 1980. In Newark, N.J., one of 20 cars is stolen every year.

Profits in the City

Yet Robert Plan registers hefty profits. Last year, Robert Plan, whose policyholders are concentrated in New York and five other states, says it had a return on equity of more than 20%, nearly three times the industry average. To keep claim payments low and premiums high, Robert Plan relies on a team of about 90 investigators who try to uncover inflated claims and faulty applications. Auto insurers generally charge inner-city policyholders three times more than drivers who live in the suburbs.

"Should my policyholders pay a higher rate because of where they live?" says Robert Wallach, Robert Plan's excitable, 40-year-old president. "That's not my problem."

Robert Plan's financial performance is so impressive that some of the country's

Mr. Villa's crew is the main force arrayed against the environmental scofflaws who have inundated the El Paso region, and much of the rest of the border, with a noxious brew of pollutants. Unscrupulous truckers haul hazardous waste from the U.S. into Mexico for cheap illegal disposal. The traffic flows northward, too. Under Mexican law and international agreement, hazardous waste generated from materials imported from the U.S. must be shipped back into this country for disposal. But disposing of it legitimately can cost as much as \$1,000 per barrel for some substances, so some is dumped into local sewers, landfills and the desert.

Free Trade

The North American Free Trade Agreement awaiting ratification would almost certainly attract even more U.S.-owned factories to Mexico, where lower labor and regulatory costs have already lured an estimated 2,000 of the so-called *maquiladoras*. Although many will probably set up farther inside Mexico where wages are even lower, the trade pact isn't likely to end growth along the border, given the area's proximity to U.S. markets, its role as a shipping center and the relative wealth of its Mexican consumers.

Mr. Villa fears facing new growth without first getting the resources to control it, let alone to deal with the effects of 25 years of mounting pollution. The U.S. and Mexican governments have pledged to spend a combined \$1 billion over three years beefing up border enforcement and building new water and sewer plants, but some free-trade supporters say five times that much is needed. Proposed U.S. contributions for 1993 already have been cut.

Critics fear that neither government will meet its environmental commitments once the spotlight of treaty negotiations fades. "If the agreement is [completed], the political leverage goes away," says Mary Kelly, director of the Texas Institute of Policy Studies.

Immediate Threats

The border now is a place where Mexican teen-agers have been known to get high sniffing glowing green chunks of solidified solvents found in local dumps. Shantytown residents still store drinking water in old chemical drums. After hearing that thousands of dead fish were floating in the Rio Grande near downtown El Paso two years ago, water-commission investigators arrived to find that all but a few had been collected for food.

Mr. Villa works with an annual budget of about \$250,000 to cover an enforcement region extending 8,800 square miles. His inspectors lack protective gear to handle highly toxic materials, equipment to contain major spills and resources to dispose of even a few barrels of abandoned waste. When a diesel-fuel spill occurred on a hard-to-reach part of the Rio Grande in 1990, his office had to borrow a boat to investigate and fly in containment booms 750 miles from Houston.

Despite his sparse resources, Mr. Villa has used his office as something of a bully pulpit, testifying before Congress on bor-

Please Turn to Page A17, Column 1

computer chips and workstations.

(Article on Page B4)

Biotechnology stocks surged 3.7%, boosting the over-the-counter stock market. But shares of larger companies rose little. Bond prices were mixed while the dollar advanced.

(Articles on Pages C6 and C1)

Prudential Securities launched a plan that offers its brokers incentives for staying with the Wall Street firm. The Prudential Insurance unit will also slash pay for brokers who don't generate much commission revenue.

(Article on Page C1)

Storage Technology disclosed another delay in bringing out its new data storage system. The company's shares sank \$8.125, or 26%, to \$23.625.

(Article on Page B6)

Tokyo stocks sank 2.7% Monday after Japan's opposition parties said they will delay a vote on spending intended to stimulate the economy. The Nikkei dropped 452.76 to 16417.05. The index moved little early Tuesday.

(Articles on Pages A20 and C11)

Du Pont agreed to sell its connector-systems business to Hicks Muse, a leveraged buy-out firm, for about \$400 million in cash and preferred stock.

(Article on Page B4)

Markets—

Stocks: Volume 197,490,000 shares. Dow Jones industrials 3240.87, up 0.81; transportation 1387.36, unchanged; utilities 216.20, off 1.31.

Bonds: Lehman Brothers Treasury index 4514.87, up 9.58.

Commodities: Oil \$20.62 a barrel, up 32 cents. Dow Jones futures index 115.73, off 0.86; spot index 114.77, off 0.25.

Dollar: 124.25 yen, up 0.85; 1.5995 marks, up 0.0022.

his court-appointed lawyer in his parents' divorce case. The ruling by a New York state judge in Brooklyn reflects a new emphasis on children's rights. (Article on Page B10)

Arabs and Israelis resumed Washington peace talks amid tension over scores of rocket attacks by Lebanon-based guerrillas against northern Israel on Sunday. The Israeli delegation threatened to retaliate if Lebanese authorities don't take steps to halt the Katushya rocket attacks by Iranian-backed Hezbollah forces.

Mexico's ruling party claimed a landslide election victory in a key state, prompting opposition calls for mass protests against alleged fraud in Sunday's vote. Officials in the northeastern state of Tamaulipas said that with 70% of the ballots counted, the Institutional Revolutionary Party had 68% of the vote.

The leader of Bosnia's Serbs unveiled a peace plan that solidifies the Serbs' grip on most of Bosnia and described the proposal as the only way to end fighting in the former Yugoslav republic. Karadzic's plan was immediately rejected by the Muslim-led Bosnian government, which called it "just another game" by the Serbs.

France's Mitterrand announced that he would propose a series of amendments this month to "clean up and reform" the nation's constitution. The president said the reforms would include proposals to limit the presidential term of office, to ensure an independent judicial branch, and to ease the process for putting politicians on trial.

Liberian rebel leader Taylor has freed 15 U.S. and British missionaries, but he vowed to "fight to the last man" in his battle for the capital. There appeared little hope Taylor would heed the appeals for a truce from a seven-nation West African army.

A senior U.N. official failed to arrange a meeting in Angola with opposition leader Savimbi. Marrack Goulding, U.N. under-secretary for peacekeeping, had flown to Angola in a bid to rescue a peace accord.

desk, with no more of an address than: Juliet, Italy.

They tend to be sentimental," says Mr. Tamassia, riffling through stacks of musty air mail in the cramped studio that serves as Juliet headquarters. Inside big pink folders are thousands of sorrowful letters, break-your-heart tales of love and loss. They come from all over — a teen-age girl in Guatemala, a businessman in Boston, a high-school teacher in London. Some but not many are written by students in Shakespearean language. About 2% of letters received are addressed to Romeo, but Juliet replies.

"Writing the letter itself is really the first step toward solving the problem," says Mr. Tamassia, a 59-year-old retired businessman who wants it known at the outset that he himself is *not* Juliet. He is more her correspondence secretary.

"People express feelings in the letters that they would never admit to the person they love. Juliet's story inspires them," he says.

A Saudi Version

After much rummaging, he pulls out one of his favorites — describing a modern equivalent of the Montague-Capulet family rivalry.

Hala, an 18-year-old Saudi Arabian, wrote in March that she had fallen in love with the only son of her family's mortal enemy. Years ago, in Pakistan, her great-grandfather was responsible for the execution of a man who was using his property for smuggling heroin. From that time on, war was declared between the two families.

Now Hala is in love with a descendant of the executed man. "I am torn between the love for my family, who has made me what I am today, and my love for Omer, the man of my dreams," she wrote.

"Please reply quickly . . . my love, my life and my future all depend on your answer."

Mr. Tamassia shakes his head and exhales a long stream of cigarette smoke. "That one was really dramatic. Do you hear the tone? Juliet didn't know what to say at first." The response Juliet finally hit

Please Turn to Page A20, Column 5

TODAY'S CONTENTS

THE INDEX TO BUSINESSES APPEARS ON PAGE B2

THREE SECTIONS

Abreast of the Market	C2	Listed Options	C12
Amex Stocks	C10	Marketing & Media	B8,9
Bond Data Bank	C16	Money Rates	C18
CBOE Int. Options	C16	Mutual Funds	C20
Commodities	C14,15	Nasdaq Stocks	C6
Corrections	A2	New Securities Issues	C21
Credit Markets	C18	NYSE/Amex Bonds	C16
Dividend News	C21	NYSE Highs & Lows	C19
DJ Industry Groups	C6	NYSE Stocks	C3
Earnings Digest	B12	Odd-Lot Trading	C19
Economy	A2	OTC Focus	C6
Editorials	A24,25	Politics & Policy	A16
Enterprise	B2	Stock Data Bank	C2
Foreign Exchange	C15	Technology	B6
Heard on the Street	C1	Treas./Govt. Issues	C17
Index Trading	C16	Who's News	B11
International News	A20,21	World Markets	C11
Law	B10	Your Money Matters	C1
Leisure & Arts	A22		

Directory of Services/Subscription Information B4

Classified: The Mart B14-19

HEARD ON THE STREET: 'Break up Big Blue,' some are crying, **Page C1**.

YOUR MONEY MATTERS: Pros choose stocks with big names, **C1**.

TRANSPORTATION: Regional bus lines feud with Greyhound, **B1**.

MARKETSCAN: Toothpaste makers pin hopes on packaging, **B1**.

ADVERTISING: Coors concentrates on not targeting young adults, **B8**.

EMPLOYMENT: Women account for bulk of drop in work force, **A5**.

POLITICS & POLICY: Iraqgate may be tough task for Clinton team, **A26**.

ENTERPRISE: Labor unions help small firms to win contracts, **B2**.

IN THE LAB: Counteroffensive is mounted against malaria, **B6**.

REVIEW & OUTLOOK: Pardon Lawrence Walsh's victims, **A24**.

OPINION: The real Malcolm X chose self-help, not revolution, **A24**.

LEISURE & ARTS: Hemingway biography by James R. Mellow, **A22**.

25,000 workers in hazardous waste cleanup by 1995. Thomas Dimeo, president of Dimeo Construction in Providence, R.I., says the training helps reduce workers' compensation and insurance rates.

The standardized industrywide curriculum will "give us more quality and consistency," says Mike Goodrich, president of BE&K Inc. in Birmingham, Ala.

ON THE BANDWAGON: The AFL-CIO executive committee decides to concentrate on issues where its agenda overlaps with Clinton's campaign promises — including job-creating infrastructure, health care and legislation to prohibit permanent replacement of strikers. It plays down issues like the North American Free Trade Agreement, on which it doesn't see eye-to-eye with the president-elect.

'STICKY FLOOR': While a few women break the "glass ceiling" that has kept them out of executive jobs, 55% of all women employed in state and local governments are "stuck" in jobs with average pay below \$20,000, according to the State University of New York at Albany's Center for Women in Government. Including men, 38% of workers are in such jobs.

BLAME THE BOSS: One in three workers surveyed by St. Paul Fire & Marine Insurance Co. is either disappointed in or neutral about his supervisor. Of those who rate supervisors poorly, 52% say they are burned out, compared with 25% of those reporting good supervisors. Workers happy with bosses care more about quality and miss fewer work days.

MIXED MESSAGE: Some employers won't talk pay during performance reviews.

IDS Financial Services, Pentair Inc. and Weyerhaeuser Co. insist on keeping pay and performance reviews separate. When the two are combined, "money, rather than feedback, becomes the driver of the discussion," says Margaret Crawford, training director at Harley-Davidson, which plans to start holding performance reviews at year-end and merit-increase reviews on employees' anniversaries.

But David Monteith, vice president for human resources at Dress Barn Inc., says it is "awkward" not to tie the two issues, because pay is based on performance. "It's logical to talk about it in the same conversation, using the same process," he argues. At Bank of America, pay isn't discussed during performance reviews, but raises are directly linked to the outcome of the performance reviews.

David Lynn of Blessing/White says employees aren't open to feedback if the focus of the conversation is what they are worth.

THE CHECKOFF: The Brotherhood of Locomotive Engineers boasts a perfect record in presidential endorsements; Clinton was the only candidate it has backed in its 129-year history. . . . Americans in a Gallup poll said they thought they had a 16% chance of being disabled for three months or more during their working lives; in fact, the chances are 43% for men and 54% for women, says Unum Corp.

—CHRISTOPHER CONTE

of a portion of their business over to Robert Plan. American International Group recently invested \$30 million in Robert Plan, which the company will use to expand its operations.

"We think we see an opportunity to make a little company into a big company," says Maurice Greenberg, chairman of AIG. Last year, Robert Plan was among the 50 largest auto insurers in the U.S., collecting \$850 million in premiums.

The New Order

With so many big insurers abandoning the auto business, some experts predict that specialized insurers who pursue niche markets, like Robert Plan, will move in. Such a change in the market could carry a high social cost for inner-city residents. Robert Plan is known among regulators and the insurance industry for rough-and-tumble treatment of its 550,000 policyholders, who often complain to authorities.

In 1989, the company paid a \$160,000 fine to the state of New York for its business practices. Since then, the company has dropped off the state's list of insurers with the most complaints. Partly that is because the company now challenges nearly every complaint that is filed. The company says 70% of the complaints against it now are thrown out by the state.

"To me the question is whether they cross over the line into harassment of their customers," says Robert Hunter, president of the National Insurance Consumers Organization. But New York regulators say they have accepted the company's role in the state. The company tries to "understand what other companies won't," says Richard Hsia, deputy superintendent of the New York Insurance Department. He applauds the company, he says, for "taking risks notwithstanding the odds."

Mr. Wallach defends the company's tactics. "A lot of people throw dirt on us because we make them look bad," he says. "We tell our people if it's not illegal, immoral or unethical, do it. There are no manuals here."

Investigators With Guns

Within those bounds, Robert Plan will do almost anything to hold down costs. While most auto insurers generally take applications and claims at face value, if Robert Plan is suspicious of information, it will send an investigator to the policyholder's home. Says Debby Ann Anderson, a 24-year-old Bronx resident whose home was the subject of one of the insurer's stakeouts after her father's car was stolen, "I couldn't believe they sent one of their spies over to our neighborhood."

Other times, the company's investigators follow a policyholder, looking for evidence that, for example, a person who has claimed medical benefits really hasn't been incapacitated. With surveillance efforts often leading them into tough neighborhoods, Robert Plan officials say investigators often carry pistols. No one has ever had to use one.

"I deal with the element — a criminal element," says Joseph Funaro, a retired

Please Turn to Page A16, Column 1

INTERNATIONAL

Japan's Proposal
For Economy
Delayed in DietStocks Plunge as Politicians
Wrangle Over Scandal,
Neglect Stimulus PlanBy JACOB M. SCHLESINGER
And QUENTIN HARDY

Staff Reporters of THE WALL STREET JOURNAL

TOKYO — Japan's opposition parties, hoping to make hay over a scandal wracking the ruling Liberal Democratic Party, are delaying a vote on a special government spending package crafted to stimulate the country's economy.

Fears that the economy would continue to sputter while the politicians wrangled helped send the Nikkei stock index down 452.76 points, or 2.7%, yesterday. It closed at 16417.05, its lowest mark since before the supplementary budget was proposed in late August.

LDP leaders had hoped to start working out details of the 10.7 trillion yen (\$86.67 billion) stimulus package yesterday in the Diet, or parliament. Instead, the three main opposition parties, the Socialists, the Democratic Socialist Party and the Komeito, said they won't join budget deliberations until the ruling party agrees to summon LDP politicians Shin Kanemaru, Noboru Takeshita and others to testify to the Diet about their role in the so-called Sagawa Kyubin affair.

Mr. Kanemaru, the LDP's former top political boss, was forced to retire from politics last month after admitting taking 500 million yen in campaign contributions, far more than the 1.5 million-yen legal limit, from the president of the Tokyo Sagawa Kyubin parcel-delivery company. Prosecutors have said in a trial of the company's president that Mr. Kanemaru used Sagawa Kyubin to help silence opponents to Mr. Takeshita's ultimately successful bid to become prime minister in 1987. Mr. Takeshita stepped down from the post because of another scandal in 1989, but remains a powerful LDP leader.

The LDP says Mr. Kanemaru doesn't need to testify before the Diet because he already has taken responsibility for his actions by resigning from parliament. The LDP has said it is open to Mr. Takeshita's testifying but wants to complete the budget before negotiating the matter.

Meanwhile, the Japanese news agency Kyodo said the LDP had backed away from plans to file libel suits against the prosecutors and the head of a right-wing political group for making the allegations about Sagawa Kyubin and Mr. Takeshita. Kyodo, quoting LDP "sources," said the ruling party instead will give financial help to party officials who personally file suit.



WORLD WIRE

HONG KONG'S DEMOCRACY ISSUE

Some Hong Kong business leaders broke ranks with Gov. Chris Patten, urging him to rescind disputed proposals for wider democracy in the British colony.

The splinter group, the Business and Professionals Federation of Hong Kong, said Mr. Patten's plan to extend the Legislative Council's electoral base was likely to be overturned by China in 1997, along with any government it produced, when Beijing resumes sovereignty over the territory. The group said that was unacceptable.

The warning was the loudest signal yet that unhappiness about the proposed reforms is taking hold in Hong Kong, where many businesses depend heavily on China trade. China says the proposals violate agreements between London and Beijing and ignore the spirit of the Chinese-drafted Basic Law, which is to serve as Hong Kong's constitution after 1997.

Gov. Patten in an interview suggested business people do more than gripe and dared them to plunge into politics, canvass the public and even run for office.

POLAND GETS CONSTRUCTION BOOST

To help Poland develop its construction industry and encourage energy-efficient building technologies, the U.S. awarded \$25 million in loan guarantees. Construction firms may get short-term investment credits, and home buyers may apply for 30-year mortgages with a 5% interest rate. Mortgages are relatively new to Poland, and demand has been squashed by 50% annual interest rates, reflecting high inflation. The U.S. Agency for International Development donated \$10 million to help banks set up mortgage and building-loan programs. And Poland has received \$200 million from the World Bank for construction industry development.

BUSINESS FAILURES IN GERMANY

German corporate insolvencies in the first eight months jumped 13% to 6,374 from a year earlier. Failures in August also climbed 13% to 839, worsening from July's 0.4% rise from the year-earlier month. Insolvencies rose among manufacturers, construction and service firms but declined for retailers. Separately, trade executives expect German exports to fall 3% this year from 1991 and 4% next year because of the mark's strength and the global economy's weakness. Sharp drops are expected in raw materials, capital goods and semfinished goods, with increases in food and consumer goods.

CZECH-SLOVAK ACCORDS REACHED

Premiers of the Czech and Slovak republics agreed on accords to govern their economic relations after Czechoslovakia

splits into two independent states on Jan. 1. They agreed on draft treaties to divide the federal military, protect investments and bar double taxation. But division of about \$25 billion of federal assets wasn't decided. The two sides also expressed a desire for a new unified tax system.

SOUTH AFRICAN LABOR LEGISLATION

South African unions and the government agreed to pursue labor legislation previously negotiated in principle. The Congress of South African Trade Unions, the country's largest labor group, with about 1.3 million members, said the move was a major breakthrough that will expand employees' rights. The government agreed to draft legislation to extend employment law to domestic and agricultural workers, and to consider giving them unemployment and workers' compensation benefits and dispute-settlement procedures. The union also will prepare legislation to ensure government workers' rights.

GLOBAL BUSINESS OPTIMISM SLIPS

Difficult economic conditions worldwide have hurt business hopes, a survey of 11,000 executives in 15 countries found.

The Dun & Bradstreet Corp. survey, citing Britain's currency crisis, Japan's sluggish economy and Germany's high interest rates, found slipping expectations for higher fourth-quarter sales and profits, after two quarters of growing optimism.

Uncertainty about the European Community's direction has contributed to business leaders' pessimism about the future, D&B said, noting that expectations for fourth-quarter sales in Europe are at the lowest level since the survey was begun on the Continent in the 1988 second quarter. The pessimistic trend was more severe in Japan. In North America, optimism waned slightly, mainly because of softer recovery prospects for the U.S. economy.

A hopeful sign, D&B said, is that inflation rates could fall next year, allowing many central banks to cut interest rates.

POSTSCRIPTS...

The strategy group of the European Space Agency preliminarily agreed to launch a three-year, \$35 million study of whether to build a space shuttle with Russia. The group includes officials from 13 Western European countries. . . . About one-third of Argentina's businesses were closed by the first general strike against the three-year-old government that unions helped elect. Labor wants the minimum wage quadrupled to \$388 a month and the average pension doubled to \$300 a month. The government said the strike wouldn't prompt any policy changes.

—Compiled by Richard L. Holman

Italy Privatizations
To Start With Sale
Of Credito Italiano

By LISA BANNON

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MILAN — Italy gave the green light to its much-vaunted privatization program when state-owned industrial giant Istituto per la Ricostruzione Industriale approved plans to sell its entire 67% stake in Credito Italiano.

After a shareholders' meeting, IRI said it will sell the stake in Italy's fifth-largest bank in a competitive international auction. Merrill Lynch & Co. has been named to advise on the sale.

The Credito stake consists of 879.1 million ordinary shares and 50.4 million savings shares. Based on Monday's closing prices on the Milan Stock Exchange, the stake is valued at about 2.133 trillion lire (\$1.56 billion), giving a total market capitalization to Credito of 3.5 trillion lire.

The procedure chosen for the sale, which rules out a public share offering, is expected to result in the transfer of the stake to a group of investors. Because of the cost, a single bidder isn't expected to acquire the entire stake. IRI is expected to seek a group of core shareholders who would guarantee Credito's stability. Thus, the auction may not necessarily be won by the highest bidder.

The timing of the sale isn't yet certain.

The Credito sale is the first step in a vast privatization program of Italy's public sector announced by Prime Minister Giuliano Amato a few months ago as a way to cut the budget deficit and reduce the state's role in the economy. Analysts note that the decision to sell the government's entire majority stake is a break with past efforts to privatize by selling minority shares.

With a network of 724 branches, Credito's group assets totaled 96.5 trillion lire at the end of June. Profit slid 71% to 297 billion lire in 1991 from 337 billion lire in 1990, owing to an increase in taxes.

Last Friday, a top-secret government document listing the companies to be sold was leaked to the press. The leak created a storm of protests among opposition parties and labor leaders, who said the content suggested the government was planning to sell off state assets without developing a thorough industrial policy. Among the proposed auction candidates were Autostrade S.p.A., the construction and management company of Italy's toll road system; Banca Commerciale Italiana, Italy's third-largest bank; Istituto Nazionale per l'Assicurazione, a giant insurance group; Telecomunicazioni equipment maker Italtel S.p.A., and civil engineering group Snamprogetti.

Juliet of Verona Receives Letters
From Myriad Star-Crossed Lovers

Continued From First Page

upon gave Hala several options, one of which was to flee Saudi Arabia with her Romeo. Similar advice might have spared Shakespeare's Juliet from her ultimate demise had she just followed Romeo into exile. Mr. Tamassia says Juliet is still waiting to hear how things turned out for Hala and her true love.

"Juliet tries not to give concrete solutions, but helpful advice and a sense of confidence to help the person discover the solution on his own," says Mr. Tamassia. "It's like talking to a friend."

For traumatic or serious psychological problems, Mr. Tamassia says Juliet seeks advice from a local psychiatrist. A local priest — not unlike Juliet's faithful Friar Laurence — provides insights into matters spiritual.

Mourning a Death

A German girl writes mourning the death of her beloved in a recent car accident. "I'm completely desperate, and I can't eat or drink or sleep. What must I do? My life no longer has sense," she writes.

"With letters like this," Mr. Tamassia says, "it's important that the person doesn't feel alone. Juliet would write back that there are difficult moments in life that do not last a whole lifetime, and it is important to have friends to help you through. She should feel like Juliet is her friend."

Many letters, most in fact, are lighter and even playful. "It's a big moment for China right now," he says. "Lots of them are students who want stamps from Italy, or a pen pal, or they want to practice their English." But only about one in 200 is a joke, Mr. Tamassia estimates.

Juliet treats real problems seriously. A Turkish airline steward wrote asking for help in getting a visa for his Chinese girlfriend so she could come to Istanbul to marry him. Mr. Tamassia says Juliet wrote to the Turkish embassy in Rome to see what could be done. "We're still waiting to hear what happened," he says, adding that sometimes Juliet will continue a correspondence until a problem is resolved.

Juliet may have been only 12 years old when she pledged her love to Romeo, but Mr. Tamassia nevertheless believes her to be a wise counselor. "She had a very clear idea of her will and desire. She was a mature girl."

Real or Fictional?

He also believes in Juliet's actual existence; she isn't just a fictional creation. Historians disagree among themselves about whether the Shakespeare play is grounded in fact, but the Veronese claim that the presence of Montagues (Montecchi in Italian) in Verona through the centuries lends credence to the story.

Mr. Tamassia, who is married and has two daughters, just happened into his

involvement with Juliet and the heartsick. A Verona city clerk who had helped Juliet answer letters for years quit suddenly in the mid-1980s. In the absence of city money to continue the job, Mr. Tamassia, who had retired from the candy business, volunteered to fill the void.

He and Juliet have four student volunteers from the University of Verona who translate English, French, German, Spanish and Russian letters. Turkish and Chinese are more of a problem. "I found a Turkish NATO commander who helps out when he's not too busy," he says. "The local Chinese restaurants will usually lend a hand for Chinese."

Mr. Tamassia himself picks up the tab for postage, office rent, Juliet stickers, post cards and lunch for visiting journalists.

"Destiny left us this responsibility — somebody's got to do it," Mr. Tamassia says.

Keeping Love Alive

A foreign correspondent for an American newspaper recently decided to give Juliet a try and wrote a letter asking advice on the difficulties of maintaining a long-distance relationship. Three weeks later, there came the following reply:

"If your Romeo is cast in the same mold as you are, there are no distances. And it's not a given that your two careers will always be in different places. You will have an intense life of work, of expectations, of enthusiasm that only love can offer. Yes, it will be hard to have a happy ending, but I almost envy you the chance."

Juliet's signature on the letter bore a resemblance to Mr. Tamassia's own scrawl.

"It doesn't matter who writes the letters," Mr. Tamassia says, giving away nothing. "It matters what they say."

Costain Group PLC

Firm to Sell Some Assets;
Second Suitor Protests Move

Costain Group PLC of Britain conditionally agreed to sell its Australian coal mining and property interest to a unit of Altus Finance S.A. for \$245 million.

The unsolicited offer tops the \$200 million price Costain agreed to last month with a subsidiary of Hanson PLC. But the plan includes commercial property, primarily the Riverside Quay development in Melbourne, that Hanson declined to buy.

The Hanson unit, Peabody Resources (UK) Ltd., reacted with anger to the news. "Peabody has acted in good faith, and we have an enforceable contract. We are consulting with our legal advisers in this," Peabody said.

Altus Finance is 67%-owned by Credit Lyonnais and 32%-owned by Thomson CSF S.A.