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Gemayel renounces Israel-Lebanon accord

By FAROUK NASSAR
Associated Press Writer

BEIRUT, Lebanon — President Amin Gemayel has agreed to scrap Lebanon's U.S.-brokered troop withdrawal pact with Israel, Beirut radio reported, in an effort to save his disintegrating army and government.

The state radio said last night that Gemayel had agreed to an eight-point Saudi peace initiative that includes renouncing the May 17, 1983, agreement between Lebanon and Israel. It added that Foreign Minister Elie Salem had communicated the decision to Saudi officials in Riyadh.

The development came as the Syrian-supported Druse and Moslem militias stepped up military and political pressure yesterday to oust Gemayel, who turned to Saudi Arabia to salvage his crumbling position.

Druse militiamen pushed the Lebanese army out of the Chouf Mountains and rolled down the coastal hills to link up with Shiite Moslem allies controlling west Beirut.

At their camps in the capital, U.S. Marines and Italian troops were packing their equipment and preparing to pull out.

A senior White House official said the Marines would begin withdrawing to U.S. Navy ships off the Lebanese coast in two or three days. The official, who spoke on condition he not be named, said the redeployment of about 1,200 Marines should be completed within 30 days.

He said 500 personnel — Marines, Army trainers and others — would stay in Beirut to guard the U.S. Embassy and perform other functions.

Earlier in the day, American officials in Washington expressed skepticism that the Saudi-mediated plan would work. Druse opposition leader Walid Jumblatt said in a interview he would veto it. He called it "too little, too late."

"There will never be a compromise with us and Gemayel," Jumblatt said in the telephone interview from Damascus, Syria, which was broadcast by Independent Television News in London. "Gemayel is to be judged for crimes against the Lebanese people....There is no way to have a deal with Gemayel."

Beirut radio said Gemayel received two telephone calls late yesterday, one from his foreign minister, Salem, in Saudi Arabia, the other from Saudi mediator Rafik Hariri, telling him Saudi Arabia had received Lebanon's go-ahead.

It said Saudi Foreign Minister Prince Saud al-Faisal would fly to Damascus today to obtain Syria's approval.

The radio report said Gemayel had informed the parties to the national reconciliation conference of details of the Saudi initiative and sent a written message about his decision to former President Suleiman Franjieh, a member of the National Salvation Front that includes Jumblatt and former Prime Minister Rashid Karami. It said he also was in touch with the speaker of the Lebanese Parliament, Kamel Assad; his prime minister, Shafik al-Wazzan, and former Prime Minister Saeb Salam.

Israeli Prime Minister Yitzhak Shamir said in a television interview earlier in the day that scrapping the Israel-Lebanon accord would be a "catastrophe" for peace in the Middle East.

The Saudi plan also calls for an eventual Syrian withdrawal from Lebanon. It was said to seek to end the fighting in Lebanon and to install a U.N. force in place of the American, Italian, French and British force in Beirut.

Western sources said the Druse and Shiite fighters were expected to attack the town of Souk el-Gharb, the last mountain position held by Gemayel's U.S.-trained army, if no political solution is achieved soon.

The Druse and Shiites, expanding their control along the coast south of the capital, yesterday captured the fishing town of Damour and the neighboring hilltop barracks of the rightist Christian Phalange Party.

An estimated 800 to 1,000 Lebanese soldiers — the remnants of the army's 4th Brigade routed in the Chouf battle Tuesday —were evacuated by boat from the coastal town of Jiye, south of Damour, to the Christian port of Jounieh north of Beirut. Sources at the army command said there were no army units left in the area.

Israeli troops in tanks and armored carriers crossed the Israeli defense line at the Awali River in southern Lebanon, pushing north to an area south of Damour on the coastal road.

A Phalangist officer in southern Lebanon said the Christian fighters were seeking active Israeli support, but an Israeli officer said, "We will not move unless provoked."

Photo by Dan Oleski

Nicholas DeBenedictis

Waste dump clean-up costly

Matching funds are major item in state DER budget

By MIKE NETHERLAND
Collegian Staff Writer

The state Department of Environmental Resources will spend much of its $248 million budget this year on matching federal superfund money, recovering and recycling solid wastes and constructing sewage plants, the DER secretary said yesterday.

In an interview with The Daily Collegian, DER chief Nicholas DeBenedictis said the electorate is not ignorant about environmental problems. "They want a safer environment no matter what it costs," DeBenedictis said.

Cleaning up the state's 39 hazardous waste dumps will cost "tens of millions of dollars," he said. He pushed for $5.1 million this year qualifying the state for $45 million in matching funds from the federal Environmental Protection Agency's Superfund.

The 39 hazardous dumps are out of 800 investigated, abandoned landfill dumps and areas of companies that went out of business, DeBenedictis said. "I'm still looking for them. Some states say they don't have them. I don't believe it. If you don't look, you don't find them."

A program to focus more attention on landfills has met with some controversy because of a lack of knowledge, he said. Concern about hazardous and toxic dumps has overshadowed solid waste recovery and recycling programs. State and federal funding for such projects has been crowded out, DeBenedictis said.

"The governor has given me more money for staff, but also a $3 million program." The money is to encourage communities to look at alternatives to landfills, he said.

One of these alternatives is a system that incinerates trash and generates steam to produce electricity. The incinerator also filters out recyclable materials such as aluminum.

"We've been able to promote a couple of those in the state — they're working."

DeBenedictis said these systems are viable because the landfills are properly regulated and they are charging the right amount. In the past the landfills have not been charging enough for their use by the community, he said. Burying the trash was more cost effective than buying an incinerator.

Playing the role of small town mayor, he explained why incinerators were not being built:

"I'm Mayor Jones. I have three years remaining in my term, I know that 10 years from now my cost to take care of trash at the landfill is going to be $30 per ton. I know that (an incinerator) amortized over a 20 year period will cost about $15 per ton in ten years. The problem is who is going to put up the 2,3, $4 million now? It is me and I have to raise taxes to do that. And therefore I might not be back 15 years from now to take the credit."

Another problem addressed by DER's budget is sewage plant construction. Government subsidies for such plants are being cut next year from 75 percent to 55 percent.

"From my experience at EPA, at that level we're going to have a hard time having communities wanting to build them."

To fill the 20 percent gap, without new appropriations, DeBenedictis said he will take half of a $16 million program that subsidized the construction of older plants in the state. In the 1950's, he said, the state provided new plants with 2 percent of their yearly operating costs. Those plants now have received almost half their operating costs from the state.

"If I have to choose on a priority basis, I'd rather not be subsidizing plants that already got subsidized."

Steel, oil mergers create slick dispute

By DAN LEVINE
Collegian Staff Writer

Proposed mergers are having an increasing impact on steel and oil industries and are readily causing controversy among government and business leaders.

Just how controversial these mergers have become was illustrated Wednesday when the U.S. Justice Department stepped in to block a planned merger between LTV Corporation's subsidiary Jones and Laughlin Steel Co. and Republic Steel.

The merger, which would make LTV the second largest steel producer in the nation, was stopped on the grounds that it would result in an "unacceptably high" increase in market concentration and threaten consumers with potentially higher prices.

Assistant U.S. Attorney General J. Paul McGrath, head of the department's antitrust division, said the merger violates section 7 of the Clayton Antitrust Act. Section 7 states that companies are not allowed to have mergers which will result in decreased competition.

Mark Roberts, a University assistant professor of economics, said the steel industries are merging to reduce their high cost marginal operations while maintaining presence in the industry.

"It's more of an issue of survival," he said. "The steel industry is having a hard time competing in the world market so they want to consolidate to reduce costs."

Steel executives believe that mergers are the best way to eliminate outmoded operations and provide a more efficient use of capital and manpower at remaining plants, Roberts said.

McGrath's department disagrees, however, and believes "little or no basis" exists for the company's claims that it needs the merger to reduce inefficiences and remain competitive. Moreover, McGrath said, the department would file suit, if necessary, to stop the proposed merger.

Ron Filippelli, a University professor and department head of labor studies, said steel companies are gaining new technology by buying existing companies instead of investing money in new facilities.

Filippelli said the permission of mergers depends on the enforcement of antitrust laws. In addition, he said the government faces two choices: allow companies to merge and control their activities through regulation, or strictly enforce the antitrust laws.

"If you're not going to enforce antitrust laws and (allow) companies to get larger and more powerful, you can't talk about the marvels of the market system — you're going to have to regulate them," he said.

"If you're going to have these giants without any real regulation, then I would opt for more enforcement of the laws. You can't have it both ways."

John Spychalski, a University professor of business logistics, said mergers must be examined individually to see how antitrust laws are interpreted.

"There is a lot of ambiguity in antitrust laws," he said. "The size of the merger may not be an overriding matter — you have to put size into perspective."

Spychalski added that other considerations include the size of the industry in which the merger takes place, relevant competitors and the types of products they sell. In addition, he said analysts must consider the market share that the merged firm would have for the products it sells.

The proposed LTV-Republic merger serves as an example of the complexities involved with two other large mergers between four companies.

The Wall Street Journal reported that industry experts and analysts expect McGrath's opposition to LTV Corp.'s merger to affect U.S. Steel's bid to acquire National Steel Corp.

Although McGrath declined comment on whether his department would allow that merger, some antitrust attorneys saw his block of the LTV merger as a sign that enforcement is stiffening, the report said.

"One problem with the steel mergers is that no jobs will be created," Filippelli said. "The industry is shrinking and more jobs are eliminated when steel companies merge."

Meanwhile, Texaco Inc. made the largest corporate acquisition in U.S. history on Monday, buying Getty Oil Co. for $10.1 billion after the Federal Trade Commission ruled four to one that the purchase did not violate antitrust laws.

Roberts said the main reason for the oil company merger was an industry desire to increase reserves through a reduction of costs.

"It is often cheaper for large companies to buy smaller ones to build reserves rather than go out and find their own reserves," he said. "From a cost standpoint, it makes real sense given the current undervaluation of oil company stocks relative to the potential value or their assets. It's not suprising given the incentives."

According to a Washington Post report, the merger, the first between two large oil companies, raised some critics' concerns about a potential threat to competition within the oil industry.

Federal Trade Commissioner Michael Pertschuk, who voted against his agency's decision, said the action "compounds the hands-off antitrust standard of the Reagan administration and effectively invites the major oil companies to react to acquire the reserve-rich middle tier firms."

But Eddie Correia, attorney adviser to Pertschuk, said the majority of FTC officials argued the danger was overstated, primarily because the stock market would quickly bid up the price of an acquisition target once the first rumor of a takeover effort surfaces.

"Mike doesn't agree with this position," Correia said. "His objection was primarily to the West Coast operations, involving a crude oil threat that Texaco would cut off the independent refiners out there."

Correia said the majority of the FTC solved this problem by regulating Texaco's price, volume requirements and transfer terms operations to the independent refiners.

"The problem with this solution is that the regulation only stands for five years," he said. "After that, Texaco can do as it wishes and independent refineries could be hurt."

Filippelli said he expects the merger trend to continue in many industries. He said mergers like U.S. Steel's recent acquisition of Marathon Oil Co. are often done to diversify an industry.

"We are in the midst of one of the biggest merger waves in American history," he said. "Companies are spending money to acquire already profitable industries instead of investing and creating their own."

friday

inside

index

weather

Becoming mostly cloudy and cool today with occasional drizzle late this afternoon. High of 49. Cloudy tonight with a few showers and patchy fog. The low will be 35. Cloudy tomorrow morning with some clearing possible during the afternoon. High near 46.....by Glenn Rolph