

December 26, 2003 3:18 p.m. EST

**THE AFTERNOON  
REPORT**

By JOSEPH SCHUMAN



## Mad-Cow Probe Makes Scant Progress Tracing 'Tangled Web'

Three days after the taint was made public, U.S. agricultural investigators said today they don't know when they'll be able to find the birth herd of the Washington state cow infected with bovine spongiform encephalopathy, the possible source of the contamination. The Agriculture Department also said it is dispatching a team of trade officials to Japan and possibly other countries in Asia to discuss the import bans that have been placed on American beef.

Dr. Ronald DeHaven, the chief USDA veterinarian, said that since the cow was only four and a half years old when it was slaughtered, and since mad-cow disease usually has an incubation period of four to five years, the cow was probably infected where it was born and initially lived. Therefore, since other cows could have been infected in the same place, finding that herd is a top priority for the government. But with no clear way of tracking the movement of cattle in the U.S., he said it was too early to even speculate on where it came from, and that the "tangled web" investigators are tracing could lead to other states or even Canada. "If we're lucky, we could know something in a matter of a day or two," he said, but then added that it took Canada weeks to trace the origins of a cow found to be infected back in May.

Years after the illness was first discovered, there remain many uncertainties about mad cow disease and how it is spread. And Dr. DeHaven [said two calves mothered by the infected cow were now under quarantine as well](#)<sup>1</sup>. "The reason for concern with these calves is that even though it is an unlikely means of spreading the disease, there is the potential that the infected cow could pass the disease onto its calves." USDA officials also said they are very concerned about the access of U.S. beef to markets abroad, which account for 10% of American beef sales. The trade team is leaving tomorrow and intends to start work Monday in Japan, the purchases of \$1.03 billion of U.S. beef, veal and offal last year, or nearly a third of such exports. Officials said that because of the Christmas holiday, they also didn't know

### STAT OF THE DAY



The first trading day after Christmas is typically a positive one for U.S. stocks. The Dow Jones Industrial Average has finished in the black 12 out of the last 14 post-Christmas sessions. And the Nasdaq Composite Index has a similar track record, ending higher in 11 of the day-after-Christmas trading sessions since 1990. How does this year's close stack up? The DJIA and Nasdaq composite were higher today, marking the third time in five years that each index ended in the black. See the [closing stock-market databank](#)<sup>14</sup>.

Got a cool stat? E-mail us at [statoftheday@wsj.com](mailto:statoftheday@wsj.com)<sup>15</sup>.

how much if any of the recalled meat that includes muscle tissue from the infected cow had been returned. (See [complete coverage](#)<sup>2</sup>.)

\* \* \*

### Thousands Killed by Earthquake in Iran<sup>3</sup>

Southeastern Iran was devastated early this morning by a powerful earthquake that flattened more than half the houses and a medieval mud-brick fortress in the historical city of Bam, killing at least 5,000 people and injuring more than 30,000. Iranian officials said the 6.7-magnitude quake (as measured by the U.S. Geological Survey) hit when most people were still in bed, raising fears that the death toll could be much higher. The government in Tehran declared the quake "a national tragedy," and was mobilizing to help the victims. Despite the major fault lines that cross the country, Iran has reinforced very few buildings to withstand the shock of earthquakes, but the Iranian Red Crescent Society has plenty of experience dealing with such disasters. An earthquake of magnitude 7.3 to 7.7. killed 50,000 people in 1990, and a 6-magnitude quake killed 500 last year. Russia, Germany, and other nations were preparing to send aid and emergency workers, though the United Nations and the International Federation of Red Cross and Red Crescent Societies said Tehran hadn't yet requested help.

---

### DOW JONES REPRINTS

---

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: [www.djreprints.com](http://www.djreprints.com). • [See a sample reprint in PDF format](#) • [Order a reprint of this article now](#).

---

Despite the tension between Iran and the U.S., the Bush administration said it would offer humanitarian aid. White House spokesman Scott McClellan said President Bush hadn't spoken with Iranian leaders, and that he didn't know if aid discussions would be carried out through an intermediary organization or a third country. [As horrific as today's tragedy is, it may prove to be fodder for reconciliatory moves between the two nations](#)<sup>4</sup>. Natural disasters provide a good excuse for antagonists to reach across borders to offer a helping hand, a kind of confidence-nurturing measure that is hard to reject by hardliners on either side. In the case of Iran, some officials in the Bush administration are already eager to show how the U.S. is ready to work with potential foes to settle differences -- especially related to weapons of mass destruction -- without going to war, as exemplified by the optimistic and high-profile acceptance Mr. Bush gave to the recent agreement with Libya.

\* \* \*

### A Slight Rise in U.S. Markets<sup>5</sup>

U.S. stocks floated a tiny bit higher in shortened holiday-season trading. The Dow Jones Industrial Average [rose 19.48 points to 10324.67](#)<sup>6</sup>, while the Nasdaq Composite Index was up 3.91 points at 1973.14. U.S. Treasury [bond prices were higher](#)<sup>7</sup>, while the dollar [fell again against the euro and the yen](#)<sup>8</sup>. At the Chicago Mercantile Exchange, cattle futures quickly fell by the expanded market limit,

forcing an end to trading. European markets were closed for Boxing Day, and [the few Asian markets open rose](#)<sup>9</sup>, including Tokyo's and Taipei's.

\* \* \*

### [Improving Japan's Monetary Arsenal](#)<sup>10</sup>

The Bank of Japan has agreed to lend up to ¥10 trillion yen (\$93.3 billion) to the Finance Ministry to bolster government efforts to keep the yen from rising. The Japanese government has been buying dollars by the ton this year to counter the U.S. dollar's tailspin on international currency markets -- ¥17.8 trillion yen (\$166.23 billion) during the first 11 months of 2003 -- and the ministry's announcement today [seemed aimed at curtailing speculation that a dearth of funds would prevent it from intervening the markets](#)<sup>11</sup>. To help the ministry, the central bank agreed to buy foreign bonds from it on three-month repurchase agreements to provide monetary authorities with short-term funding if needed "to continue to respond flexibly to moves in the foreign exchange market." Japanese lawmakers plan to approve an increase in the ministry's special foreign exchange account, which sets aside money for currency intervention, after Parliament reconvenes in January.

\* \* \*

### [China Ends Retaliatory Steel Tariffs](#)<sup>12</sup>

China lifted counter-tariffs on five types of steel products that it imposed last year in retaliation against the now-rescinded steel duties that had been put in place by the Bush administration. [The Chinese tariffs, like those in the U.S., were originally scheduled to last three years](#)<sup>13</sup>. President Bush ended the tariffs under American steel imports on Dec. 4 under pressure from most major U.S. trading partners, which had threatened to impose billions of dollars in retaliatory tariffs that had been approved by the World Trade Organization.

\* \* \*

### **Quote of the Day**

"You must preserve modesty and prudence.

"You must preserve the style of plain living and hard struggle."

As rap-music lyrics go, these lines from a new song in China titled "The Two Musts," may be pretty tame. Still, the subject of the song, Mao Zedong, is a less-than-common theme in the hip-hop genre. Today is the 110th anniversary of Mao's birth, and it was marked by the debut of new music, books, plays, exhibitions and television documentaries glorifying the life of the man who led China from the revolution in 1949 until his death in 1976. "The Two Musts," derived from one of the Great Leader's political sayings, is on a new album called "Mao Zedong and Us." Of course, while Mao's political theories remain among the core teachings of Chinese education and enjoy prominent mention in cultural life there, his ideas no longer play a central role in government policy. The People's Daily newspaper published an editorial praising Mao today, but it ran on page four, the Associated Press reported. On the front page was a picture of President Hu Jintao meeting investors from Taiwan.

--There will be no late edition of The Afternoon Report today.

Write to Joseph Schuman at [joseph.schuman@wsj.com](mailto:joseph.schuman@wsj.com)<sup>16</sup>

**URL for this article:**

<http://online.wsj.com/article/0,,SB107244889285032500,00.html>

**Hyperlinks in this Article:**

- (1) <http://online.wsj.com/article/0,,SB107245439426170700,00.html>
- (2) [http://online.wsj.com/page/0,,2\\_1059,00.html](http://online.wsj.com/page/0,,2_1059,00.html)
- (3) <http://online.wsj.com/article/0,,SB107242559417407000,00.html>
- (4) <http://online.wsj.com/article/0,,SB107242559417407000,00.html>
- (5) <http://online.wsj.com/article/0,,SB107244299517457400,00.html>
- (6) <http://online.wsj.com/article/0,,SB107244299517457400,00.html>
- (7) [http://online.wsj.com/page/0,,2\\_0031,00.html](http://online.wsj.com/page/0,,2_0031,00.html)
- (8) [http://online.wsj.com/page/0,,2\\_0032,00.html](http://online.wsj.com/page/0,,2_0032,00.html)
- (9) [http://online.wsj.com/page/0,,2\\_0027,00.html](http://online.wsj.com/page/0,,2_0027,00.html)
- (10) <http://online.wsj.com/article/0,,SB107244674223599500,00.html>
- (11) <http://online.wsj.com/article/0,,SB107244674223599500,00.html>
- (12) <http://online.wsj.com/article/0,,SB107244455422191200,00.html>
- (13) <http://online.wsj.com/article/0,,SB107244455422191200,00.html>
- (14) <http://online.wsj.com/documents/prevdata.htm>
- (15) <mailto:statoftheday@wsj.com>
- (16) <mailto:joseph.schuman@wsj.com>

*Updated December 26, 2003 3:18 p.m.*

**Copyright 2003 Dow Jones & Company, Inc. All Rights Reserved**

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our **Subscriber Agreement** and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones

Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com).