

# Business Briefs

## Resources

### Conference hears of global water shortage

"Eighty countries supporting 40% of the world's population already suffer from serious water shortages," a conference of 115 nations called the Global Consultation on Safe Water and Sanitation reported from New Delhi Sept. 10. "Water scarcity is accelerating," conference participants said.

In 1975, there were 19 developing countries already without adequate renewable water sources. By the year 2000, another 10 countries will also not have adequate water sources, and by 2025, there will be 37 severely water-scarce nations, by "optimistic standards." The World Health Organization reported that this year, 1.2 billion people in the Third World are without safe water: 243 million in urban areas and 989 million in rural areas. There are millions more who only receive water sporadically or for a few hours a day, including the middle-class areas of capitals like New Delhi.

More than 1.7 billion people in the Third World have no sanitation facilities, mostly in Africa and South Asia.

## Infrastructure

### New effort to revive Kra Canal

An article appearing in the *Bangkok Post* Sept. 6 indicates that the campaign to build a canal through Thailand's Isthmus of Kra, relieving the heavy congestion in the Straits of Malacca, is not yet dead. The article, authored by a member of the "Kra Canal Project" study group, Maj. Gen. Chaiyo Kra, explained why the Kra Canal is still essential even though the Thai government is rapidly moving ahead with its ambitious alternative Southern Seaboard program.

Says the general, the Kra Canal is the only means to dramatically raise the living standards of the Thai people, about 80% of whom could still be classified as "poor." The author points out that the canal would generate a large

number of new employment opportunities and that the study group "envisages the establishment of large industrial complexes on both sides of the canal that would engage in export-oriented industries to generate foreign exchange earnings."

The general emphasized that if the country pursues its economic development in the right way, this will help bolster the country's strength in other fields.

The study group, he reported, will organize shows of public opinion for the project, especially among the people of southern Thailand, who would be most keenly effected. It will also seek support for the plan from politicians, businessmen, and academics, both in Thailand and in foreign countries, including the U.S., Japan, and the Middle East.

## Trade War

### U.S. targets European aerospace

A new report commissioned by the U.S. Department of Commerce says that Airbus Industrie—the European consortium of French, German, Spanish, and British aerospace companies to develop and build advanced-technology civilian passenger aircraft—will never become profitable. But if European governments continue to subsidize it, Airbus will cost U.S. aircraft manufacturers substantial market share and profits.

The study, completed by Gellman Research Associates of Jenkintown, Pennsylvania, found that Airbus's cumulative debt to European governments will grow from \$13 billion now to \$30 billion by 2008. If Airbus had been forced to borrow the \$13 billion at commercial rates, it would have cost \$26 billion, the study noted.

The United States has been demanding that Airbus borrow funds on the financial markets, rather than receive government funds that may not be paid back. If the Europeans do not comply, the United States has been threatening to register a formal complaint with a special General Agreement on Tariffs and Trade panel, against West German government subsidies that protect Airbus from international cur-

rency fluctuations.

"Are you going to look to an analyst on Wall Street or are you going to talk to a member of the French National Assembly to determine whether a project is commercially viable?" an unnamed senior administration official asked the *Journal of Commerce*.

## Shipping

### U.S. commercial fleet can't handle Gulf call-up

Secretary of Transportation Samuel Skinner is considering asking for a revival of federal government subsidies for U.S. commercial shipping, after observing the poor performance of the industry in the recent call-up to transport material to the Middle East.

According to the secretary, of the 41 ships called up for the recent sealift, 24 that were supposed to be in the highest state of readiness, to be at sea in five days, required an average of nine days because of "crew or equipment problems." Skinner said, however, that the delays did not have much of an impact, because in some cases military equipment was not ready for loading in five days either.

Skinner said that the deployment had already shown the need to maintain "a U.S. flag fleet of some size, with ships that make sense not only for commercial purposes but for defense purposes." The U.S. merchant marine fleet has shrunk from 1,170 ships in 1950 to about 375 today—ranking 13th in the world in the number of ships.

## AIDS

### One in seven autopsied found with infection

"Six months after it began conducting AIDS tests in all autopsies, the New York City Medical Examiner's office has found infection rates as high as 38% in some groups," began an article in the Aug. 30 *New York Times*. "Black men from 41 to 50 years old had the worst

rates, 38%, with black men from 31 to 40 the second highest, 36%. Overall, one in seven autopsies revealed AIDS infection."

The article cites the City's Health Commissioner, Dr. Woodrow Myers, Jr. as believing that although the findings were disturbing, they were not generally surprising, since the deaths did not represent a cross-section of the population. These deaths were violent, drug-related, or potentially crime-related, and often involved people who used illicit drugs. Myers insists on the line that AIDS is transmitted sexually and by contaminated needles and other drug implements, and that therefore, these autopsies didn't reflect a more general problem with the spread of AIDS.

The autopsy policy, however, was initiated by former Mayor Ed Koch, as a way of learning more about the spread of the virus. Under Mayor David Dinkins, that policy has continued, except that spouses and other known sex partners are no longer notified.

## Aerospace

### Laid-off personnel will have no place to go

The aerospace production workers who are projected to be laid off over the next six months will have no place to go, according to the Aerospace Industries Association in Washington. So far, the industry has eliminated workers through early retirement, attrition, or transfer to commercial aircraft production. But in August, the industry revised its earlier projections of layoffs upward from 27,000 to 55,000 personnel, and hiring in the commercial aircraft sector has stopped.

*Aviation Week* reported the week of Sept. 10 that Boeing, though it has a 10-year backlog of commercial aircraft on its order books, is planning to eliminate about 5,600 positions from all business sectors as a cost-cutting measure. Similarly, McDonnell Douglas's Douglas Aircraft is expected to lay off 8,000.

Meanwhile, the Pentagon has announced that McDonnell Douglas has been awarded a hefty contract to produce F-18 jet fighters—for the government of Kuwait. The Pentagon did not say which government of Kuwait

would receive the fighters, nor when it would be in a position to receive them.

## Development

### French adviser calls for Mideast plan

French influential Michel Vauzelle has called for a "vast plan for economic development for all the Mediterranean," including the Middle East region. In a statement reported by the French daily *Libération* and also covered in the Italian daily *Corriere della Sera*, Vauzelle said that what is needed now is a conference on "security and cooperation in the Mediterranean."

Vauzelle insisted that European policy not be a caricature of the main protagonists in the current conflict, but be independent.

Vauzelle is a confidant of French President François Mitterrand and a leading Socialist Party deputy. Earlier this year, he published a blistering attack against those proposing new "balance-of-power" schemes for Europe.

## Labor

### Americans earning less than in 1980

American workers are earning less after inflation than they did a decade ago, according to a study by the Economic Policy Institute reported in the Sept. 4 *New York Times*. The study showed that inflation-adjusted wages for workers dropped nearly 10% in the past decade, resulting in lower standards of living and longer working hours.

The gap between rich and poor also increased. The average net worth of the top 0.05% of families rose 6.7% during the decade, compared to an 8.8% drop by the bottom 90% of families.

The institute noted that changes in federal, state, and local taxes since 1977 have shifted the tax burden more to the middle class, while giving large tax cuts to the richest 1%.

● **NIPPON STEEL** is the latest Japanese steel company to shift out of steel production, following Kobe and Kawasaki. The industrialized world's largest steel producer, Nippon is moving to "diversify," and executives hope to reduce the company's revenue from steel from 80 to 60% by 1995 because they foresee a 10% drop in demand by then.

● **BOSTON BLACK** babies are dying at three times the rate of white babies, according to a recent study, which says that despite the nation's most extensive network of hospitals and health centers, Boston is losing black babies at a rate higher than many Third World nations.

● **TOMATOES** grown from seeds carried by NASA's Long-Duration Exposure Facility won first prize at the Kansas State Fair recently. The LDEF was sent into space for an 18-month tour on April 7, 1984, and was intended to be retrieved by the tragic Jan. 28, 1986 mission of Shuttle Challenger.

● **FEDERAL JUDGE** Dale E. Safels of Topeka, Kansas has ruled that the Office of Thrift Supervision acted in an "arbitrary and capricious manner" when it forced Franklin Savings Association to write off \$176.2 million in futures contracts, and then seized FSA because it could no longer meet capital standards.

● **SHEARSON LEHMAN** Bros. was indicted on 42 counts by an Ohio grand jury along with former Cleveland branch manager Stephen Weinberg and former broker Sheldon Strauss, over losses sustained by clients due to the 1987 stock market crash. Strauss's clients suffered extensive losses because of "heavily margined, speculative and unauthorized investments" made "with the full knowledge of his supervisors at Shearson Lehman," the indictments said.