

Business Briefs

Markets

British bankers see parallel to 1987 crash

"Borrowed money is lubricating the upward march of stock-market values as in 1987. . . . The dangers of an abrupt loss of confidence are becoming as great now as they were two years ago," is the conclusion of economist Peter Warburton of the London merchant banking firm Robert Fleming, Ltd.

His report analyzing bank borrowing in recent months by large U.K. institutional investors concludes that the amount of recent investment into London's booming stock market almost exactly matches the \$10 billion those same institutions have borrowed.

Warburton said that the prime vulnerability in the U.S. stock market comes from leveraged buy-outs and the junk bond exposure of U.S. companies.

Euthanasia

Italian doctors take pro-life stand

The National Federation of the Order of Physicians of Italy approved a new code of ethics in mid-July, which restates basic principles of the medical profession, including the absolute prohibition against both active and passive euthanasia.

The new physician's oath is designed to exclude all ambiguities, and reads in part: "I swear never to commit acts apt to deliberately bring about the death of a patient." It affirms the obligation to help the sick person without committing any act, or omission, that would shorten the natural lifespan. This bars any liberal "interpretation" of the medical oath, and any attempts to pass off euthanasia as an act of mercy.

Federation Vice President Danilo Poggiolini insisted on the need for absolute clarity. "Given some dangerous tendencies which are manifesting themselves in soci-

ety, we thought it necessary to refer to the problem of euthanasia," Poggiolini said. "By euthanasia we mean any act whatsoever, or even omission of an act, which accelerates the arrival of death. In the new code, such behavior is decisively banned."

The president of the Order, Prof. Eolo Parodi, stressed, in an interview with the nationally circulated Catholic daily *Avvenire*, "the most important new element is the rediscovery of the central role of the person, considering mankind as the first and last goal of our profession. . . . We want to reject euthanasia once and for all, definitively reiterating that the physician kills no one, not even on request."

Infrastructure

Study compares investment, productivity

A study prepared by Chicago Federal Reserve economist D.A. Aschauer found a correlation between rates of investment in economic infrastructure—highways, bridges, rails, water supply, etc.—and rates of industrial productivity growth for the seven leading industrial economies from 1973, before the first oil shock, to 1985, according to press reports Aug. 1.

The Aschauer study reports that countries which invest most in public infrastructure also have the highest productivity growth. Japan invested some 5.1% of Gross Domestic Product in infrastructure for the 12-year period, and increased productivity by 3.3% annually. The United States invested 0.3% per year in infrastructure and had productivity gains of 0.6%.

Aschauer found that for the United States, a given sum "invested on improved infrastructure, by lowering the costs of private business and thereby increasing the business's rate of return, stimulates four to seven times as much private investment," reports *Business Week International*. The magazine notes that in the past 20 years, U.S. levels of infrastructure investment as a share of Gross National Product have

plunged by more than half, from 2.3% in the late 1960s to below 1% today.

Public Health

Thailand plans tougher laws against AIDS

The Thai Public Health Ministry is drawing up tough new legislation to stem the spread of AIDS, which is now reaching alarming proportions.

A measure being prepared will make it compulsory for drug addicts and prostitutes with AIDS to receive treatment and counseling, according to Communicable Disease Control Department chief Thira Ramasut. Those who refuse are subject to arrest and will be sent to rehabilitation centers. Massage parlors, tea houses, brothels, bars, and nightclubs will be required to have official inspections. Prostitutes with AIDS will not be allowed to work and will be put under close medical supervision.

Dr. Thira said the ministry is setting up two rehabilitation centers, one in Bangkok, for AIDS patients and carriers. He declared that AIDS has passed from homosexuals to drug addicts, heterosexuals, and families, including babies. He noted that AIDS has spread throughout the 73 provinces of the country, and that some 6,000 drug users and 427 prostitutes have tested positive for the disease.

Natural Gas

Bush signs bill ending controls

President Bush signed a law removing the last price controls on natural gas on July 26, and pledged to develop a comprehensive strategy for U.S. energy security.

Industry sources, however, said neither step will increase production or save the industry from continued collapse. Natural gas prices are one-fifth of what they were in the early 1980s, and exploration has slowed sig-

nificantly, according to the American Gas Association. The number of new gas wells in 1989 may not exceed 800, in contrast with 4,000 new gas wells in 1982.

Domestic petroleum production is even more worrisome. The nation is producing 7.55 million barrels a day (mbd), the lowest since the mid-1960s, while oil imports have increased to 7.99 mbd, the highest in the past decade.

Debt

British daily warns of 'darkening outlook'

London *Financial Times* writer Stephen Fidler reported on July 31 that the July 28 Lloyds Bank move to increase loan loss provisions on Third World debt and the deal between Mexico and its creditors, worked out under the auspices of the U. S. "Brady Plan," are in fact "symptomatic of the same deepening problem . . . country after country has gone into arrears on interest."

Lloyds chairman Sir Jeremy Morse is quoted saying, in reference to the Brady Plan, "Uncertainty generated in part by the new debt initiative was blamed by Lloyds for the increase in its general provisions."

Fidler adds, "Sir Jeremy and others see uncomfortable parallels with the 1930s when Latin American countries defaulted on obligations to bond investors."

Money Laundering

American Express apologizes to Safra

The American Express Corporation has offered a \$4 million apology to Edmund Safra, a former top executive of the company, in an agreement that states that charges of Safra's ties to international drug money-laundering operations originated with an employee of American Express, and were untrue.

Amex admits that it initiated an investigation into Safra when he resigned from the company, and they became suspicious that he was stealing employees and accounts, in violation of an agreement. The unnamed employee running that investigation is alleged to have released the derogatory information to European and Ibero-American press.

The July 29 *New York Times* reports that Safra, a Lebanese national whose family began banking for the Ottoman Empire five generations ago, was accused of having used his Republic Bank to finance the aircraft that took former U. S. National Security Adviser Robert McFarlane to Teheran to arrange arms-for-hostages agreements with Ayatollah Khomeini.

The apology money will be donated to Safra's favorite charities, including the Anti-Defamation League and the Red Cross.

'The Recovery'

OECD report predicts slow employment growth

The annual "Employment Outlook" report of the Organization for Economic Cooperation and Development (OECD), released in July, forecasts a slowdown in job creation and stagnant rates of unemployment for the next two years for the major Western nations. The report also promotes low-wage labor for the unemployed.

Employment is expected to grow by only 1.25% this year and 1% in 1990, while unemployment remains at 7.25% with 28 million people jobless. Productivity increases are also expected to slow, resulting in labor costs per unit output rising from the current level of 3.2% in 1988 to 3.25% this year, and 4.5% in 1990. The study also notes shortages in workers with technical skills.

"The time is ripe for major reforms and policy initiatives to reintegrate the long-term unemployed into the labor market," the report says, adding, according to the London *Financial Times*, that "member countries should act to break down barriers which stop people from taking part in the economy. This means making it easier to have a 'non-standard' form of job, including part-time."

Briefly

● **THE DEPRESSION** in U. S. real estate is featured in the July 31 London *Guardian*, which reports a study by Housing Data Services showing home sales in the once-booming Washington, D. C. area down 28% this year.

● **PRESIDENT BUSH** worried about international market signals in his press conference July 28 in Washington, D. C. "I worry about bending and breaking the Gramm-Rudman limits. And I think it would send a very bad sign to the international markets."

● **FOOD AND COMMERCIAL Workers Local 1776**, a U. S. union, is suing the French department store Carrefour under the RICO statutes, charging them with "criminal activity against union informational pickets," tactics "that recall the old robber barons of the last century," the July 28 *AFL-CIO News* reports.

● **FORD MOTOR CO.**, continuing its shift into financial services, agreed to buy the Dallas-based Associates Corp. from Paramount Communications Inc. for \$3.35 billion. The acquisition raises the Ford Financial Services Group's assets 14%, to \$114 billion.

● **REGULAR WORK** at joint venture companies in Red China is made impossible by the regime's re-ideologization policy, where workers have to take part in eight-hour indoctrination sessions three times a week. Beijing announced it will cut the companies licensed for trade with the West from 5,000 to approximately 3,000.

● **ARGENTINE PERONIST** Gov. Antonio Cafiero charged that more than 700,000 Buenos Aires households are living in "inhuman" conditions as a result of hyperinflation and could become "a factor for a potential social explosion." The provincial government daily feeds 820,000 people from soup kitchens.