

# Business Briefs

## Small Business

### Health care costs overwhelming companies

The costs of providing health care to employees are overwhelming millions of small U.S. businesses, according to a recent survey by the National Federation of Independent Businesses, a group representing 570,000 businesses with an average of 13 employees.

In recent months insurance rates have increased by anywhere from 20% to over 100%, creating larger pools of uninsured people as more small businesses give up attempting to provide health insurance. Rates for small manufacturers have tripled over the last three years.

The National Association of Manufacturers found that between 1987 and 1988, the smaller the group, the larger the increase in medical premiums, because the smaller groups cannot get the discounts available to larger industries.

This year, insurers are also trying to recoup what they claim are underwriting losses of 4-5% from last year. The federation is seeking to increase to 100% the tax deduction of the cost of health insurance for self-employed business owners. That deduction now is only 25%, compared to 100% for incorporated businesses.

## Energy

### Japanese gear up 'cold fusion' effort

"There are definite indications that the Japanese have opened up the big guns" in "cold fusion" research, Texas A&M fusion researcher John M. Bockris told the 13th annual Utah Conference on Energy, Mining, and New Technology in Salt Lake City Sept. 8, according to the Sept. 9 *Deseret News*. Bockris said scientists in Japan have organized a fusion institute where more than 80 scientists are rapidly moving forward in the development of what could be a new source of abundant, relatively clean and cheap energy.

"The threat of the Japanese capitalizing on a potentially revolutionary energy source should ultimately force the federal government to allocate funds for fusion research," the *Deseret News* reports. "That was the consensus of fusion pioneers and converts, who cautioned that while the U.S. Department of Energy has all but abandoned fusion experiments at American universities, Japan is accelerating efforts to put the discovery to practical use."

A panel of five "cold fusion" experimenters, Robert Huggins of Stanford University, Bockris, Milton Wadsworth, the dean of the University of Utah's College of Mines and Earth Sciences, Stanley Pons, and Martin Fleischmann, told the meeting that their work was hampered by lack of private commercial collaboration and federal government support. None of the five is receiving Department of Energy funding. Pons told more than 400 attendees, "We are even more convinced of our results and are seeing more and more confirmations."

Stephen Studdert, a special assistant to President Bush, said a high priority of the administration is to outdo foreign competitors in the development of new energy sources, but listed the priorities as development of alternative forms of energy such as ethanol, methanol, and safe nuclear fission—not fusion—reactors. This prompted former NASA administrator James Fletcher to joke that the White House and outer space were "the same place."

## Health

### Washington infant mortality soars

The infant mortality rate in Washington, D.C., already one of the highest in the nation, shot up 50% in the first half of this year, primarily due to an increase in babies born to cocaine-addicted mothers.

The infant mortality rate for the first half of 1989 was 32.3 infant deaths before their first birthday, per 1,000 live births, versus a rate last year of 23.2 deaths. The national average was 9.9 deaths per 1,000 in 1988.

"It's like a bomb has gone off," said one

participant in a meeting Sept. 28 of health professionals with Mayor Marion Barry. "No one in this area knows what to do. I don't know what to do about social pathology and decay in half the city." Professionals expected a rise in the mortality rate because the cocaine and crack epidemic prompts premature birth and other fetal problems, but were "stunned" by the rate of increase. One expert, according to the *Washington Post*, said "a virtual breakdown of family structures" exists in some parts of the city.

## Development

### Brazilians prefer Japanese model

Brazilian Federal Deputy Oswaldo Lima Filho, the head of the Nationalist Parliamentary Front (FPN), defended the Japanese model of development against the liberal model, in an interview with the *Jornal do Comercio* on Sept. 17.

In discussing the program and policies of the FPN, Lima vehemently rejected the liberal ideas of those who propose the total opening of Brazil to the international markets. The FPN does not intend to close the country to foreign capital, he said, but rather wants to implement the Japanese model of restricting it.

Lima attacked the move to "privatize" the state sector, including the firms such as Petrobras, the national steel company, and the Carajas development company, saying "the great Western powers, the creators of the Brazilian foreign debt, are moving through all mass media to acquire state enterprises built with the blood and the sacrifice of the Brazilian people and which are the keystone of the national economy."

The *Jornal* reminded its readers that several members of the FPN support the demand to free U.S. economist Lyndon LaRouche from prison. Lima Filho was the individual who introduced Helga Zepp-LaRouche to a meeting of a number of FPN members during her recent visit to Brazil, and was the lead signer on the petition for LaRouche's release, signed by over 100 Ibero-American parliamentarians.

## Briefly

### Labor Force

#### Skilled worker scarcity major problem by 2000

The biggest employment problem 25 years from, according to projections by the Census Bureau, will be the lack of new entrants into the labor pool in the 1990s to become the skilled workforce.

During 1990 the number of 18-year-olds will drop by 8% and will not reach the levels of 1989 until 2003. The flood of baby boomers, who have entered the labor market since the mid-1960s, will slow to a trickle because of lower birthrates. The shortage will have profound implications for both managers and employees into the 21st century, economists and labor experts say.

Many of these new employees will be unskilled, and will require companies to train them.

Economists looking to the 1990s labor force say these trends offer clear guidelines for job seekers. According to the Bureau of Labor Statistics, the five fastest-growing industries from now until the year 2000 will be computer and data-processing services, health services and outpatient facilities, personnel services such as temporary employment agencies, health practitioners, and miscellaneous business services such as credit reporting. All these openings are in service industries, underlining the historic shift away from manufacturing.

### Transport

#### Shipping needs \$25 billion per year

The shipping industry will need to find \$25 billion to invest each year to replace its aged crude carrier fleet, top shipping executives were told at a conference in New Orleans in late September.

Paul Slater, chairman of an investment bank that specializes in ship finance, told executives attending the Bulk Transpo '89 conference, sponsored by the *Journal of Commerce*,

that 285 of the world's 400 very large crude carriers (200,000 to 400,000 deadweight tons) are over 13 years old—the original design life for a VLCC built in the mid-1970s. Slater estimated that shipping companies will need to find an extra \$25 billion per year in financing to replace those and other ships that are now operating beyond their design life.

VLCC capacity has been so reduced because new ships are not built to replace the old, that present capacity is barely adequate, the conference was told.

However, shippers handling petroleum products told the conference that they are considering getting out of the industry altogether, because of the exorbitant costs of insurance for environmental disasters after the Exxon Alaska oil spill.

### Finance

#### Japanese warn against floating exchange rates

Japanese Finance Minister Ryutaro Hashimoto warned the International Monetary Fund Interim Committee meeting in Washington, D.C. Sept. 26, that instability in the foreign exchange markets, the result of the present floating exchange rate system, is creating a danger to world economic stability.

Hashimoto stated that he saw no immediate alternative to the present system, and called for the IMF to initiate designing a new system.

The policy group around former West German Chancellor Helmut Schmidt which emerged in June 1989 as being "fed up with Bush administration economic policy," is reportedly considering reconvening the "Schmidt Commission" in January 1990, with the support of the Japanese. Members of the commission include Robert McNamara, Switzerland's Fritz Leutwiler, Britain's Lord Roll, and former Federal Reserve Chairman Paul Volcker. McNamara, according to sources close to Schmidt, is upset that "no one has succeeded in convincing the U.S. Establishment that U.S. debt has gone beyond a controllable level."

● **THE RAIL LINK** to the English Channel tunnel from London, a 68-mile stretch, is in danger of never being built because the estimated cost has increased four-fold, to over £4.5 billion (\$7.2 billion), due to extra "environmental protection work."

● **PURCHASING MANAGERS** reported the fifth consecutive monthly decline in new orders in the U.S., according to the National Association of Purchasing Managers Oct. 3. The August figure released by the NAPM was the lowest since December 1982.

● **THE RAFSANJANI** regime of Iran faces a severe food crisis and has called on Iranians to stock food for the coming winter, although prices have put many basic items out of reach of consumers. The U.S. is pressuring West Germany and Japan to increase aid to Iran, according to Iranian sources, in order to stave off major social disturbances.

● **THE TRANSPORTATION** Group, an airline financing company set up in March 1989 by Paine Webber, is arranging a financial deal worth \$45 million for China Southern, a Communist Chinese airline based in Guangzhou.

● **FOREIGN CONTROL** of U.S. airlines will not be allowed by a Sept. 29 ruling by the U.S. Department of Transportation. Northwest Airlines must now reduce the investment in the carrier by KLM Royal Dutch Airlines, and could force a revamping of the proposed leveraged buyout of United Airlines by a group that includes British Airways PLC.

● **NEW JERSEY** has the highest proportion of AIDS among women of any state in the U.S., according to data presented at a state conference, accounting for more than one in five cases—1,446 women out of 7,177—the *Bergen Record* and the *Hudson Dispatch* reported Sept. 28.