

# Business Briefs

## Insurance

### AIDS costs seen soaring

Insurance companies around the United States have already been engaged in heavy legal battles over the issue of life and medical insurance for AIDS victims, and a new report is not likely to do much to calm the storm.

According to a detailed study by the Society of Actuaries released Aug. 4, AIDS deaths will cost U.S. insurance companies \$50 billion by the year 2000.

According to the study, \$30 billion will be paid out to AIDS victims with insurance policies currently in force. Another estimated \$20 billion will be paid out to those who do not now have insurance or the disease, but will eventually come down with AIDS, and take out an insurance policy in the meantime. Some firms could be paying out far more than 20% of their claims for AIDS-related deaths.

Harold Ingraham, president of the Society of Actuaries, said researchers have underestimated the damage that AIDS will do. "They have been underestimating, I think, the proportion of people that carry the virus and . . . the speed at which [those people] are going to get AIDS," Ingraham said.

## Agriculture

### India facing worst drought

The Indian Subcontinent is facing the worst drought in nearly a century. Crash programs to tap subsoil water, to plant alternative crops, and to distribute seeds are now being developed by a committee headed by Prime Minister Rajiv Gandhi.

The monsoons this year have reached only parts of northeast India, leaving northwest, central, and southern India dry.

The government has a buffer stock of 22 million tons of grain for use in such emergencies. The greatest problem, however, is transporting food and seeds to the stricken

regions, and the only "textbook" for such emergencies is the century-old "famine code" prepared under British rule.

In 1942-43, thousands of civilians starved in British India due to a shortage of transportation for food supplies. The British rulers blamed the shortage on the war.

## Famine

### Locusts swarming in Ethiopia

Swarms of locusts in Tigray, northern Ethiopia, are ready to fly, according to news reports. The swarms could threaten Mali to the west or the Indian Subcontinent to the east, the Relief Society of Tigray said in London Aug. 5.

The society has called on the Ethiopian government to allow spraying planes to operate in the area, most of which is controlled by the Tigray People's Liberation Front. The guerrilla organization has agreed to give the planes free passage. The government has yet to allow the planes to fly.

Seven large locust swarms have already been seen in Tigray, and a famine as bad as 1984-85 is feared unless spraying is undertaken. The Desert Locust Control Organization said the swarms would move south within two weeks, and conditions are good for a second breeding season along the Red Sea coast.

## AIDS

### New York 'research study' in October

The first of 100,000 New Yorkers to be tested for AIDS in "a blind, scientific research study" will be tested in October, reported the Aug. 5 *New York Times*.

City Health Department spokesman Peter Slocum said the study would take from six months to a year and would cost \$3.4 million. He said the blood would be taken anonymously from the specimens of hospital patients who would not be told that they were being tested or whether they tested

positive for the virus.

"It's a blind, scientific research study," he said, "not a screening program under which persons are told if their blood tested positive."

Governor Cuomo announced the program at a news conference from his office at the World Trade Center: "Present evidence indicates the disorder is not jumping dramatically to the general population," he claimed. "But we need more solid information, and this study will give public health officials a better understanding of how extensively the AIDS virus has spread through different population groups and different regions of the state and how it's communicated."

## Finance

### Kemp introduces loan control legislation

Republican presidential hopeful Jack Kemp of New York will introduce a bill requiring that bank loans to a "controlled country" be reported, and that the President be given broad powers to regulate these loans. A "controlled country," for example, the Soviet Union, could then be prohibited from buying a U.S. bank or similar maneuvers.

Kemp pointed out: "The Soviet bloc now receives low-interest-rate loans for nonspecific projects or trade transactions at a rate lower than a small businessman in America would pay. . . . These loans can be used for any purpose, including financing military aggression abroad and oppression at home."

President Reagan and the State Department oppose the bill.

## Defense

### SDIO plans space tests

The Strategic Defense Initiative Organization plans 13 major space tests over the next five years, according to documents released Aug. 4. At least seven involve missile inter-

ceptions, another pair deal with the launch of new, state-of-the-art satellites to detect and track Soviet missiles.

According to an SDI spokesman, the documents provide the first official glimpse of technologies needed for the initial phase of a missile defense.

In addition to sensor satellites, the system would include space- and ground-based interceptor rockets, a ground-based sensor rocket, and an elaborate communications network.

All the experiments have been designed to comply with the "narrow" interpretation of the 1972 ABM Treaty.

One SDIO plan calls for the launch of four to seven Minuteman missiles from Vandenberg Air Force Base in California, and an attack on them by ground-based interceptor rockets launched from Kwajalein Atoll in the Pacific.

## **Banking**

### **Senate passes S&L bailout**

The U.S. Senate gave final congressional approval to the Competitive Equality Banking Act of 1987 by a vote of 96-2, and sent it to President Reagan, who has promised to sign it into law. Reduced to essentials, the legislation provides a terribly inadequate sum of about \$11 billion to the Federal Savings and Loan Deposit Insurance Corporation (FSLIC) with which to bail out the nation's bankrupted thrift institutions.

The bill had been approved by the House Aug. 3 by a vote of 382-12. It bails out the penniless FSLIC to the tune of \$10.8 billion over the next three years. The bill also:

- Prohibits creation of any more limited-service banks and curtails the growth of existing ones;

- Stops commercial banks from offering new security issues, insurance, and real estate products.

In a flight of fancy, Sen. Phil Gramm (R-Tex.) proclaimed: "Depositors from all over the country with money in savings and loans can be confident that those deposits are now good."

On the contrary, realistic estimates of the S&L crisis suggest that three to four

times the sum provided FSLIC would be needed to secure depositors' funds.

## **Labor Force**

### **Administration claims lower joblessness**

The report of the President's Council of Economic Advisers said that the unemployment rate for 1987 will be lower than 1986, and lower than previously thought, in a report issued Aug. 6. The claim was part of the council's annual revisions of official administration forecasts.

The CEA forecast said that the unemployment rate would average 6.2% this year, lower than the 6.7% forecast for 1987 last January. Between January and July, said the report, unemployment fell from 6.6% to 6.1%.

The chairman of the CEA, Beryl W. Sprinkel, said he was "squeamish" about some of the decline, which may have reflected seasonal factors. He forecast that unemployment figures for July, which were to be released later, would register a slightly higher unemployment rate.

## **Stocks**

### **London exchange drops 40 points**

The London stock exchange dropped 40 points in trading Aug. 3, as nervousness set in over a 6 billion pound stock-exchange settlements backlog. The official deadline for the settlements has now passed.

Under new City of London regulations, brokers must clear all buy-sell transactions each 14-day "settlement" period or their names and unsettled amounts will be made public. Presently, it can take some three months to fully clear records of who bought or sold what stocks.

Insiders report growing anxiety inside Britain over the fact that a significant percentage of London stock dealings since the October 1986 "Big Bang" deregulation are based on fraud or inadequate financial positions by brokers.

# *Briefly*

● **THE SPACE SHUTTLE** Discovery was tested Aug. 4, for the first time in more than a year, meeting a deadline set last January. "Significantly, we have reached our first milestone here in returning the Shuttle fleet to flight status," said launch director Bob Sieck. Discovery has undergone 84 of 190 planned modifications, with the rest to be done during flight processing.

● **THE SENATE** Environment Committee Aug. 4 approved a bill that would set a new cap on nuclear industry liability at \$6.7 billion and extend the Price-Anderson Act—covering existing plants and those under construction at a limit of \$705 million—for 30 more years. The House version, approved a week earlier, set a cap of \$7 billion for new plants and extended Price-Anderson for 10 years.

● **MEXICAN** manufactures fell 6.1% IN 1986 and another 8.3% in the first half of 1987, the planning ministry belatedly reported. The pattern is similar to Argentina, which also got a "special deal" from its creditors in 1986. By contrast, in Peru, manufactures grew by 12% last year and are still growing this year.

● **A JAPANESE** plan for a \$20 billion debt bailout for underdeveloped nations has not been finalized, say London sources, but it is believed that it will work through the International Monetary Fund and World Bank. The sources said that Japan is demanding Brazil sign with the IMF as precondition to get any money.

● **M. DANNY WALL**, the new chairman of Federal Home Loan Bank Board, said savings bank executives are going to have less influence over his agency than in the past. The FHLBB is the federal agency responsible for regulating the thrift industry. "It's going to be . . . hard for the agency to continue to be perceived to be too close to the industry it regulates," he said.