How They Save

(Location of household savings, December 1980; in billions)

Cash and checking accounts	$241.9
Savings accounts	1,299.7
Money market funds	74.4
Securities*	1,734.0
Private pensions	450.7
Government pensions	279.1
Private life insurance	223.2
Other	92.2
Total	**$4,395.2**

*includes common stocks, bonds, U.S. government securities, mutual fund shares and other short-term securities
SOURCE: Federal Reserve Board

High-yield money market mutual funds gained an additional $43 billion in the first quarter of 1981. Their rapid growth threatens to put many small "thrift" institutions out of business.

phase out interest rate ceilings. The Federal Savings and Loan Insurance Corporation also purchased $1.2 billion in old below-market mortgages to facilitate mergers among some struggling thrifts. Yet the S&Ls want more help: government purchases of all mortgages below eight or nine percent at the weakest institutions. Alternatively, Congress could compel the money market funds—which are not regulated—to maintain substantial reserves, and thus force down their yields, a proposal that strikes many as "anti-consumer."

Reagan administration officials hope that lowering inflation will save the thrifts. Other analysts believe that thrifts will survive only by diversifying into short-term consumer loans and "adjustable rate" mortgages (keyed to interest rate fluctuations) and by edging into the brokerage field themselves.

Ethics or Excuses?

"What Is 'Business Ethics'" by Peter F. Drucker, in *The Public Interest* (Spring 1981), P.O. Box 542, Old Chelsea, N.Y. 10011.

"Business ethics"—universities teach it, businessmen argue about it, and some lawmakers have tried to legislate it. Drucker, an NYU business professor, maintains that any definition risks becoming an all-purpose justification for corporate actions.

Central to Judaeo-Christian ethics is the idea that one standard of behavior applies to all, prince and pauper alike. The notion of a separate category defined as business ethics, says Drucker, smacks of "casuistry," a long discredited Western school of thought. First propounded by Reformation theologian John Calvin in the 16th century and later picked up briefly by the Jesuits, casuistry was an early attempt to probe the concept of "social responsibility." It held that the special responsibilities inherent in "ruling" (flowing from the ruler's impact on others' lives) comprise an ethical imperative that can outweigh strictures on individuals.

Casuistry appears to make extra demands on individuals whose decisions affect others but ends up serving as an apology for whatever actions they take, says Drucker. Thus, to casuists, Lockheed Aircraft executives were almost duty-bound to pay extortion money to a Japanese airline to secure orders for its floundering L-1011 jetliner, in 1975. The orders preserved thousands of jobs on Lockheed's payroll.

If universities must teach "business ethics," contends Drucker, let them blend two codes of conduct: Aristotle's ethics of prudence and Confucius's ethics of interdependence. Aristotle assumed that a leader's only choice is whether to lead others to right or wrong action. Everyone knows the difference, he said, and a leader must face up to his own deeds as well as those he inspires. Confucius divided behavior into five types of interaction: master/servant; father/child; husband/wife; oldest brother/sibling; friend/friend. In each relationship, "right behavior" consists of mutually beneficial actions.

Aristotelian ethics acknowledges that highly visible executives in today's "society of organizations" can "set the tone" for subordinates. And, says Drucker, Confucian ethics' emphasis on mutual benefits should appeal to manager, consumer, and employee alike.

No Threat to Textiles

"Questions on International Trade in Textiles and Clothing" by Donald B. Keesing and Martin Wolf, in *The World Economy* (March 1981), Elsevier Scientific Publishing Co., P.O. Box 330, Amsterdam, The Netherlands.

Are Third World countries, with their armies of cheap labor, taking over the world textile and clothing trades? Have Western textile manufacturers lost their competitive edge? Keesing and Wolf, senior economists at the World Bank, dispute both widely held notions.

The United States and Western Europe still dominate the textile and clothing businesses. The $72 billion in U.S. gross output led the world in 1976 by a wide margin—followed by the nine countries of the European Economic Community, with a combined $68 billion, and Japan with $33.9 billion. Though touted as the next textile powers, the poorer countries of southern Europe (Spain, Portugal, Greece, Yugoslavia) accounted for only $11.7 billion in manufactures. And the super-exporters Hong Kong, South Korea, and Taiwan combined produced only $14.4 billion worth. Third World trade feats have been exaggerated, as well: North America, Western Europe, and Japan accounted for nearly 75 percent of *textiles* exported in 1978.