remittance are becoming more

and more uncertain in view of

the developments in the main

overseas employment markets.

One thing must be stressed here, institutional savings cannot be taken as a true indicator of the level of real savings in the country. Studies indicate that there is a large kerb or informal financial market in the economy. Funds in the kerb market, rural or urban, come from savings of the people.

The difference is that here operations take place in an informal manner. Effective policies are needed to integrate the kerb market with the institutional savings channels. This will help hereness the full potentials of informal savings and chanelise the same into efficient investment.

The macro-economic policies of the government have a vital bearing on savings mobilisation efforts. Policy instruments such as interest rate, fiscal incentives, expansion of network of financial institu tions, new savings and investing portfolios etc. influence

SAVINGS MOBILISATION AND CAPITAL MARKET-III

by Khurshid Alam

greatly the growth of savings. Government policies are intertwined with growth of savings and capital markets. These are crucial in helping establish an environment of confidence and trust among the savers and investors. through the maintenance of political stability, steady economic growth with low inflation rate and support for the private sector. More specifically, govt. monetary and fiscal polices particularly the level and structure of interest rates, the allocation of credit among sectors and between public and private enterprises, the rate of inflation, the national budgetary position and the level of taxation are all critical variables which directly influence the growth and mobilisation of savings and the development of capital market.

Wherefrom Savings Come National savings arise from

four sources: (1) the household sector (2) the corporate or enterprise sector (3) the public sector and (4) the foreign remittances. For these distinct categories of savings, appropriate policies keeping

in view the operational dynamtes of each are necessary to tap fully the potentials of savings. The policy package for attracting more house-hold savings may not be appropriate and effective for encouraging savings in the business, corporate or enterprise sector. Tax and other measures should therefore be specifically designed to meet the needs of each category of savers.

In a developing country like Bangladesh, a large number of house-hold have incomes that barely exceed subsistence. In such a situation in which a large portion of aggregate consumption is at subsistence level, private savers find it difficult to reduce consumption

in response to, let us say, increase in interest rates. A relatively large portion of households in countries like Bangladesh derive their income from agriculture. Agricultural incomes are however subject to large fluctuations owing to variation in world prices of agricultural commodities and to climate conditions. This uncertainty is compounded by macro-economic instability and other fiscal measures. Appropriate macro-economic management polices are needed to cope

One may take note here of the taxation measure under the national budget for the 1990-91. Deposits in the banking sector have thus been subjected to taxes and surcharges This is certainly not congenial to the mobilisation of savings through the banking system. While the govt. is giving utmost emphasis on savings mobilisa-

with such structural problems.

tion, its new tax measures relating to the banking sector, contradict its policy goals.

Individual or house-hold savings habit is more or less shaped by the life styles of the families, their social attitude and philosophy of life. Austerity is a prime necessity for encouraging savings. Conspicuous consumption and "demonstration effects" of profligacy do not help sustain a social environment conductive to savings.

Savings in the final analysis involve a painful process. In the absence of higher expectations about greater security in the future, no one will be encouraged to forgo present consumption for future comforts. Savings will not then take

Mass awareness is needed to inculcate the savings habit. For creating this awareness, education is a prime need.

opment ___

he concept of "Malaysia

Incorporated," as a

development strategy

which goes a long way to

explaining the country's

has been forcefully expounded

before a gathering of British

Rahman, science adviser in the

Department of the Prime

Minister, took advantage of a

recent workshop on technol-

ogy management held in

Nicosia, Cyprus, to emphasis

this aspect of Malaysia's eco-

element in this way of think-

ing, Datuk Omar said that

"cooperation between the pri-

vate and public sectors is cru-

cial to development." The two

sectors, he added, were

"trying to work as one team in

Pointing to one important

nomic philosophy.

Datuk Dr Omar bin Abdul

Commonwealth technocrats.

current economic progress,

Savings habit must be encouraged among the students. School banking and other attractive schemes on national basis can be of positive help in this context.

For an effective thrust for savings mobilisation, savings communities both in urban and rural areas, should be organised. Such communities should embrace the potential target group of savers including farmers, labours, housewifes and other fixed income personnel or families. The organisation of such communities will involve a strong political will and determination. Special incentives awards or social recognition to the savings community, at either organisational or individual level, will encourage better performance.

Savings instruments can be made more alternative. As we all know, organised savings can take various forms provident fund, insurance scheme, bank deposits, bonds certificates and so on and so forth. Each form of savings has its attractions for different target groups. Careful designing of savings instruments, catering to the needs of various target group with appropriate rates of returns can go a long way in mobilising domestic resources for development support.

Mobilisation of Savings for

Capital Market Development For netting savings into the country's capital market, the government policies for growth and development of the corporate sector assume a greater role then anything else. Effective support measures are needed to strengthen and widen the operational base of the capital market.

tries like Bangladesh, the corporate sectors are still largely characterised by family-owned

companies which retain family control and state-owned enterprises which rely on govt. funds. High share issue costs are also involved due to govt. intervention in pricing and procedures relating to issue of securities. Reluctance to disclose information about company activities to the public and lack of effective fiscal or other incentives for companies to go public are also factors that restrict the flow of savings into the capital market.

On the demand side, there are also some serious problems. The number of direct individual investors in the country's capital market constitutes a small fraction of the economically active population. Further more, their is limited participation of institutional investors such as insurance companies, unit and investment trust etc. Pension funds as an institutional participant in the capital market are yet to see the light of the day. Effective govt. action is needed in building investors confidence, providing appropriate investment incentive and encouraging the development and participation of institutional investors in capital market. (Concluded)

The author is the President In many developing coun- of Bangladesh Centre for Economic Growth and former Chairman of Dhaka Stock Exchange Ltd.

CAN

Why Not Foreign Workers?

An acute labour shortage in the midst of explosive economic growth is heating up the debate in Japan on whether the government should begin issuing work permits to allow foreigners to work in the country. Robin Elsham of IPS reports.

N Japan today, there are 139 job openings for every 100 workers looking for a job. And month by month the national labour shortage gets worse.

It has gotten so bad that credit agencies, in reporting monthly figures on business failures and bankruptcies, have begun specifying the number driven out of business by a lack of workers.

Small businesses, those located in remote, unattractive areas, or companies engaged in work that requires long hours like trucking, or dirty, hard work like construction all are feeling the pinch.

In certain industries like nursing services, that pinch has contributed to such a deterioration in working conditions that a crisis has ensued.

"Working conditions drive most nurses out of their jobs after only a few years, and that makes the shortage worse, and drives more nurses out of the profession," said Hisako Ejiri, president of the Japan Federation of Medical

Workers' Unions. "It's rare to see a nurse over 50 years old in Japan, and al-

most none stay long enough to retire," Ejiri added.

But Japan is going to need all the nurses it has now and a whole lot more to care for its rapidly aging population.

The demographics of Japan's aging population and alarmingly low birth rate look destined to ensure that the labour shortage will persist for decades to come.

At present, Japanese aged 65 or over number 15 million, but will increase to over 20 million by 1999, and more than double to 31 million by 2020, according to a Japanese health and welfare ministry report released last month.

Moreover, according to the same report, the national birth rate continues to plunge. In 1990, the national lifetime fertility rate of Japanese women sank to 1.53, leading the welfare ministry to project that the Japanese population will grow very slowly until 2010 when it will peak out at 129.45 million, then decline.

These two trends - the plunging birth rate and the greying of the 'baby boom' generation - will combine to greatly increase the percentage of elderly in Japan's population.

Meanwhile, the Japanese economy continues to grow, outstripping the supply of new workers. The government's economic planning agency, in a long-range forecast released recently, predicted Japan's economy should grow at a steady rate of about 4 to 4.5 per cent over the next five

That growth, and the already acute labour shortage, is heating up a debate in Japan about whether the government should begin issuing work permits to allow foreigners to work in the country.

Pushing the idea are Japanese business owners who can't find enough workers or fear the upward pressure being put on wages in the quest to attract enough workers.

Opposing the idea is the government, labour unions and various civic groups who fear that accepting large numbers of foreign workers would disrupt the calm and social cohesion that have been credited for much of Japan's economic

But even while the Japanese debate the relative merits of opening up to foreign workers, the number of such workers

already in Japan is swelling.

In 1990, Japan turned away a record 13,934 foreigners who tried to enter the country. up 34 per cent from the preceding year, according to justice ministry figures.

"This upsurge reflects a trend, in which an increasing number of low-skilled, jobhungry migrant workers are trekking to Japan posing as tourists with tourist visas," said an unnamed ministry official.

Estimates of the number of illegal workers vary tremen dously, ranging form 100,000 to one million.

Despite the enactment last year of a harsh new law which greatly increased the penaltics for employing illegal workers. legions of foreigners continue to arrive on short-term tourist or cultural visas and disappear into the illegal labour market.

They find ready employment in industries and areas in desperate need of workers.

One such area is the town of He noted that the concept Kawaguchi around 7,000 illegal of a "country incorporated" workers are now working, acowed much to Japanese atticording to Hidemoto Ishida, tudes and thinking. It meant, manager of the local chamber basically, that countries had to operate more and more like of commerce. Ishida says they commercial organisations to are doing the work nobody else wants and the town needs achieve economic progress; and that collaboration with

'Malaysia Incorporated'

A recent international gathering of technocrats focussed on closer cooperation be-

tween governments and private industry as the key to successful economic devel-

as a Winning Strategy

as possible. Datuk Omar said the Malaysian government fully recognised the value of involving the private sector in development efforts. Hence a system of incentives, which includes tax rebates for firms spending on research and development in institutions in

private industry should be-

come as close and integrated

the country. Malaysia, he reminded his audience, had set itself the target of becoming fully developed by the year 2020. He was confident that with the aid of such concepts as "Malaysia Incorporated" this target could and would be achieved.

Fourteen Commonwealth countries took part in the workshop in Nicosia, which was on the theme "Industrial competitiveness through technology and quality management." The 14 countries were: Australia, Barbados, Botswana, Britain, Cyprus, Lesotho, Malawi, Malaysia, Malta, Mauritius, Nigeria, Pakistan. Trinidad and Tobago and Zimbabwe.

The workshop was arranged by the Commonwealth Consultative Group on Technology Management (CCGTM) in conjunction with the Cyprus Ministry of Commerce and Industry. Among those taking part were CCGTM members, scientists, researchers, technologists, academics, senior officials and industry representatives.

CCGTM, headed by Datuk Omar, is a network of about 150 managers of science and technology projects, leading economists, planners, environmentalists and policymakers, drawn from throughout the Commonwealth.

One of the network's aims is to help close the gap between rich and poor nations by encouraging greater productivity through better use of domestic scientific and technological resources and the application of new technolo-

CCGTM was created following a proposal by Dr Mahathir Mohamad, Prime Minister of Malaysia, at the 1989 Commonwealth summit in Kuala Lumpur. It was launched in September 1990 by Commonwealth Secretary-General Chief Emeka Anyaoku

close relationship with the Shell International oil company - a link which was evident at the discussions in Cyprus. Datuk Omar told the workshop that governments could learn much from companies like Shell, whose annual income is more than the budgets of many countries. The subjects discussed included quality management — QM and standardisation. Discussions on this were led by Michael Hadjitofi, quality management adviser with Shell International's exploration and production division in The

The network has had a

Dr Hadjitofi, a Cypriot, told the workshop that commitment at the top was needed to improve the quality of goods or services offered to the public.

"Whether you are in business, government or public administration, you are only there to serve your customer,' he said. "It is extremely important to keep the customer satisfied. Even if he doesn't know what quality to expect, you are obliged to educate him."

- Depthnews Asia

creases. In 1988, the price

surged to US \$109 per ton,

compared with US \$94 the

prices to a new high of US

\$154 per ton in 1989 - a de-

velopment which was sus-

enjoying these healthy price

trends. The country's chromite

ore exports range between US

\$100 and US \$120 per ton,

according to the Mining

Factoran admits that there is

still a significant difference in

the prevailing world price and

that for Philippine chromite

ore. "This is due to the low

shipping volumes of Philippine

ore which cannot take advan-

tage of the economy afforded

by using large vessels,"

enth largest chromite ore ex-

porter, accounting for 1.5 per

cent. South Africa is No. 1 with

35 per cent, followed by the

Soviet Union, 27 per cent;

Albania, 7 per cent; Turkey,

6.5 per cent; Finland, 5 per

cent; Zimbabwe, 5 per cent;

Brazil, 3 per cent; and Cuba,

growth rate of about 4 per cent

annually since 1950. Today,

global output stands at 12 mil-

World production shows a

1.5 per cent.

The Philippines is the sev-

Secretary Factoran explains.

Secretary

The Philippines has been

Yet another surge brought

previous year.

tained in 1990.

Annual Review.

However,

Jakarta's Hopes of a Tourist Boom Revive

JAKARTA: "Let's Go Archipelago!" This slogan for Visit Indonesia Year 1991 is reverberating once again as the world puts the Gulf War behind

A gradual but steady increase in the number of tourist arrivals in Indonesia is giving rise to optimism that the target of 1.9 to 2.4 million arrivals for 1991 will be reached.

At the height of the Gulf tension in January, tourist arrivals fell by 6.5 per cent compared with the corresponding month in 1990. In February and March, tourist arrivals decreased by 0.14 and 0.46 per cent, respectively.

Following the resolution of the Gulf problem, arrivals in April rose by 6 4.05 per cent over that in April 1990. For the first months of 1991, arrivals in Indonesia totalled 590,306, just slightly lower than the 594,910 total for the

same period in 1990. But the visitors so far appear to be interested mainly in the capital city as they are

mostly businessmen. While hotels in Jakarta are teeming with business people eager to take advantage of government's investment and deregulation drives, outside the capital, where business is not a major draw, lodging places still have many empty rooms to

In Yogyakarta, some 600 kilometres east of Jakarta and cultural centre of Java, hotels are still trying to regain the 75 per cent occupancy rate registered before the Gulf war.

"Now occupancy in the year to date (January to June 1991) is 55 per cent. This is because we don't have as many business visitors as Jakarta. We're relying on tour groups as well as FITs (foreign individual tray-

ellers) to fill our rooms" according to Toto Sudarto, general manager of Hotel Santika, a medium-priced (US\$65-80

per night) domestically-owned

and operated hotel in

Yogyakarta. To reach the target tourist arrivals now that the Gulf conflict is over, Indonesia has stepped up promotional activities launched in connection with the "Visit Indonesia" project, including the ambitious 18-month-long Festival of

Indonesia in the United states. The Festival, which was unvetled in Washington, DC last December, presents American audiences from coast to coast with a kaleidoscope of the Indonesian archipelago's cultural heritage - dance, theatre, film, music and art. Bejewelled hetrlooms from the royal courts of Java, never before on public view, are among

the exhibits. The festival has been received very favourably. The New York Times' Jack Anderson, for instance, wrote how a performing arts group from the province of Aceh "proc-

laimed the joy of the rhythm." As the "Visit Indonesia" project gets back on course, Indonesian investors are spending substantial sums to provide amenities for visitors.

In March, President Suharto inaugurated 75 tourist establishments, including 63 hotels spread throughout Indonesia worth US\$600 million. A major objective of Indonesia's tourism campaign is of course to generate foreign exchange.

Susilo Sudarman, minisiter for tourism, post and telecommunications, said Indonesia wants to bring in 2.5 to 3.5 million visitors a year by 1993-94 to generate some US\$2.25-US\$3.15 billion in foreign exchange earnings.

This projected income is based on the assumption that they would stay in Indonesia for 12-14 days in 33,000 starclass hotel rooms and 56,900 modest rooms in non-star or melati lodging places Melati is the Indonesian name for jas-

But some sectors have reservations that the government will be able to reach its projections if arrivals stay mainly in hotels.

For instance, H Kodhyat, director of the Indonesian Tourism Studies Institute (ISPI). thinks as much as 50 per cent of earnings by major hotels will end up outside Indonesia since many of these establishments are foreign-owned and ma-

On the other hand, 100, per cent of the money paid by FITs to melati hotels remain in the country.

Mr Kodhyat commends government efforts to improve service in melati hotels - particularly the management.

However, he believes more can be done. Government can undertake promotional campaigns to encourage foreigners to stay in these minor hotels.

Information on these places, inadequate until now, can be increased. If Indonesia wants to keep

most of the tourism income within the country, it is suggested that Visit Indonesia Year's slogan should be altered slightly to declare "Let's Go Archipelago. Let's Go Melati!".

- Depthnews Asia

Asian Fishing Boom poses a Challenge

SIANS now catch, eat and sell more fish and fishery products than any other people in the world. "When it comes to catching and eating seafood and other fishery products, including those from fish farms, rivers, lakes and streams, we have no peers,* says Henri de Saram, a Sri Lankan information specialist who heads a small international agency. INFOF-ISH, which provides training and industry information.

In 1989 (the last year for which complete data are available), nations of Asia and the Pacific caught 31.9 million metric tons of fish and fishery products. This was the re-

gion's biggest catch ever. Of this, 2.7 million tons were exported with an estimated value of US\$5 billion, or about 30 per cent of the global market in terms of value.

The 31.9 million metric tons catch of 1989 also was an enormous leap upward from the 11.6 million - "1975. It was a respectable the rease over the region's 25.8 MT of 1985 and even an increase of more than a million metric tons over the 30.8 million of 1988, the region's previous

And the future of the region's fisheries industries looks bright. Sea and inland catches and aquaculture production are going up yearly while both domestic and international markets become bigger and more open to all

"Not too many know this yet," says Mr de Saram. "but the developing countries of this region already earn more foreign exchange from shrimp than they do for rubber. And the market for shrimp, as for other fishery products, is still expanding.

In the United States, one of the region's biggest export markets, eating seafood is becoming quite the fashion as fears of the cholesterol in meats and fats continue to grow. The US Surgeon-General few years ago urged Americans to "eat more fish" and they have responded by doing just that, while the US national Fisheries Institute has launched a campaign to achieve a fish diet of "20 (pounds per capita) by 2000."

Per capita consumption of seafood in the United States has steadily risen from 10.3 lb in 1970 to 15.4 lb in 1987 so the "20 by 2000" does not seem an impossible goal. With a population of more than 250 million, all potential paying customers, the US also represents a colossal opportunity for Asian fishery exports. And the same is true of Asia's other two biggest markets, Japan and

Western Europe. "There has never been a more promising time for Asia's fishery industries says Mr de Saram. "Fortunes are to be made here. It is also god news for the region's prosperity as a whole as it means more and better jobs for more people, enhanced national income levels, and even better health, through greater consumption of protein-rich products, for our own people. We would be fools not to cash in on this bonanza as thoroughly as we

Still, many observers say that by and large, the Asia and pacific region is denying itself the full benefits of the boom. This is because says Mr de Saram. "While its catch and production are the highest of any of the world's major regions, its earnings from these are not the highest.

"We have a log way to go on

the selling end, especially in the booming international market," he says. And one main stumbling block is the overly cautious, tradition-encrusted and highly conservative thinking and practices on the part of those who have run the trade for generations,

sometimes centuries. *Both the quantities exported and the earnings. though records for the region. could have been considerably higher," he says. "What is still lacking in our part is an intelligently aggressive worldwide marketing system based on accurate and up-to-date informa-

"In today's fast moving world, information is directly translatable into money and power, the power to accomplish your aims, whatever they

It is to provide such a fast channel for information that INFOFISH was first established in 1981 as a regional project of the Food and Agriculture Organisation. INFOFISH, the only agency of its type in Asia and the Pacific, is this year celebrating its 10th anniver-

Its primary job is to gather the latest and most comprehensive information on marketing possibilities both within the region and worldwide and to put it quickly before those who need it most, governments and private business.

One kind of information relates to day-to-day operations such as current intelligence on markets, prices and trade opportunities. Another is longerterm information on product development, quality improvement, equipment, investment and also the possibilities of more widespread use of presently under-used species of fish and seafood.

Chromite Find Boosts Philippine Mineral Resources

by Manolo Jara

HE Philippines stands a good chance of increasing its chromite export - now the world's seventh largest — with the discovery of a huge chromite

The discovery of "very promising" chromite deposits in Dinagat Island off Surigao southern province, Philippines, bodes well for the country, says Environment and Natural Resources Secretary Fulgencio Factoran Jr.

For this reason, the Aquino government is inviting investors to help develop the area. "They should take advantage of the highly favourable market condition because the Philippines is one of the few countries which are richly endowed with this mineral resource," says Secretary Factoran.

For the past three years, there has been a growing demand for chromite-based products, including ferrochrome and stainless steel, chemicals, foundry sands and refractories (heat-resistant materials).

Giving impetus to the growth have been new investments in ferrochrome and stainless steel manufacturing capacity in Japan and Europe since 1988.

As a result, ferrochrome production reached a record level of 2.7 million tons in 1989, according to World Mineral Statistics.

Stainless steel production also grew, reaching 10.3 million tons in 1988 and 1989. This was in sharp contrast to the 9.3 million tons in 1987 and 6.3 million tons in 1982.

lion tons yearly. Japan, the US, Sweden, China, Yugoslavia, Germany, Italy and the United Kingdom are the world's major chromite But in recent years, China

and the US have been increasing their chromite ore im-The strong demand for ports, averaging 22.5 per cent chromite has been translated and 20.5 per cent, respecinto substantial price intively. — Depthnews