the price increases were an-

gravated by the fact, an-

nounced by President

Gorbachev, that national pro-

duction was down by 4-5 per

cent in the first two months of

facing deflance from at least

five maverick republics, has

given his opposition, led by

Yeltsin, further ammunition to

He has been unable to con-

vince the general public that,

having rejected the 500-days

programme which stipulated

an initial price freeze to be fol-

lowed by gradual price in-

creases, his huge price hikes

the fact that people do not see

the increases as part of an

The mass media have been

fond of saying that Soviet

prices were the lowest in the

world - albeit without men-

tioning that in terms of real

economic reform package.

This failure is aggravated by

Soviet pride is stung, too.

The Soviet leader, already

The scarcity of goods is ag-

nounced.

this year.

use against him.

were unavoidable.

But the temperature inside was hot and rising, and had just been raised further with the call by Boris Yeltsin, the Russian Federation leader, for President Mikhail Gorbachev to resign his post.

This was followed almost immediately with a strike by more than half the country's miners. They wanted not only better working conditions but also Gorbachev's resignation. They also wanted dissolution of the Supreme Soviet, the country's legislative body, and nationalisation of all Communist Party property.

Pavlov's announcement of price increases saw much of the Russian Federation, the Ukraine and Byelorussia caught up in a series of strikes demonstrations Thousands of workers poured into the streets to register their anger and indignation.

It was the biggest, most open display of proletarian dissatisfaction and anger since the Bolshevik revolution of 1917.

The price hikes were the most far-reaching in nearly 30 years. The cost of goods and services increased by between 100 and 300 per cent.

Some necessities such as meat and children's clothing trebled in price. Sugar, tea. milk and general clothing doubled while fares recketed by between 70 and 140 per cent.

At the same time, wages and salaries went up by nearly 90 per cent, increasing the minimum average monthly wage from 70 rubles to 135

A few days earlier, compensation of 60 rubles was paid to

Huge Price Rises Raise Stakes for Gorbachev

by Charles Quist Adade

Massive increases in the prices of consumer goods have fuelled a mounting campaign of strikes and demonstrations against President Gorbachev. In the past, as Gemini News Service reports, the people have been told the prices they pay are much less than those in the West. Now they know differently, and it does not bode well for the Soviet leader.

low-wage earners to help offset the big jump in prices. But the gesture was received sourly by some workers: 'This is mockery of the people, pure and simple," said Alia Feodorova, a social worker.

Things were made even worse for pensioners and the poor by a five per cent presidential tax on goods and ser-

The tax is to be used for a special pension fund recently set up by the President, but again many people, including pensioners, are not impressed.

Says 72-year-old pensioner Irina Mikhailovna: "With their five and 200 per cents. Gorbachev and Pavlov have guaranteed themselves a comfortable pension."

If the Gorbachev leadership had the people at heart, she adds, "it is the military and space budgets that they would

'After the price rises were announced, television in the central and Leningrad regions showed a mother and a pensioner weeping. The mother was unable to buy her daughter a pair of shoes in the "detskiy mir" children's shop, and the pensioner was unable to afford to buy a handkerchief for her-

The prices rises, and January's demonetisation of 50 and 100 ruble notes, do not appear to be part of new economic structuring or a move to a more market-oriented econ-

If anything, it appears to be a tinkering with the existing system and, in the case of the demonetisation exercise, was an effort to neutralise shadow market operators - as well as to offset a supposed Western plot to destabilise the Soviet economy

Price reform, however, was long overdue. Prices on the shadow and kolkhoz (cooperative) market had long gone through the roof. The shelves in state shops remained empty as shop managers and their assistants hoarded then sold industrial goods to speculators at many times their real value.

The state-controlled mass media reported that tonnes of goods were being hoarded in warehouses in anticipation of the price increases.

These still hadn't appeared in the shops two weeks after

in a number of Western countries, the weekly Argumenty 1 Fakty said: "Our abiding selfdelusion, that the cost of living in the West is higher than in our country, has disappeared like smoke."

and the prices of basic goods

The core of the Soviet problem lies in the tralised economic system which props up an increasingly less productive work force and exists only by way of heavy suband attracted buyers from

Japan and abroad at the

Foodex Japan 91 held March

in the Japan Convention

(ASEAN groups Brunei,

"We had 20 per cent yearly

Indonesia, Malaysia,

Philippines, Singapore and

increase of our business since

1989 when we were invited to

the ASEAN Booth. I want the

same increase this year and

get US\$8 million from sales to

hotels and restaurants," T.P.

Thanet of That Agri-Foods Co.

told Depthnews while swiftly

opening up cans of longan and

Foodex Japan 91 — formally

the 16th International Food

and Beverage Exhibition - is

the largest food fair in the Pan-

Pacific region with 982 com-

panies from 40 countries

showcasing 2,400 exhibits.

(CITEM) of the Philippines.

Japan's Arabica and Robusta

coffee import from the

Philippines amounted to 2,074

metric tons worth US\$2.2 mil

lion last year. Antonio R. Reyes,

executive director of the

Organisation Certifying Agency,

expects a 5 per cent to 10 per

cent growth this year. He

served freshly brewed coffee to

Standing behind a pile of

dark-brown one-kilogram ca-

cao bricks, Leo E. Hernandez,

general manager of Davao

Cacao, said he wants US

Singapore presented

frozen, canned and snack

foods. Richard S.K. Foo, inter-

national export manager of

October, hold that any one

currency cannot diverge be-

yond permitted limits before

the community's central banks

will intervene and, juggling in-

terest rates, draw that cur-

EMS suggests concerted ac-

tion by member countries to

stabilise their exchange rates

within the community best

prepares them to sell their

and German supporters of the

EMS have long seen wisdom in

protecting their own economic

ambitions against American

More specifically, French

The rationale behind the

rency back into line.

products overseas.

\$100,000 sales from Japan.

Coffee

the moment, anyway. By Etan Vlessing

cacao distributor.

International

buyers.

lychee for visitors.

Centre here.

Thailand.)

Lew motivation among workers sees them staying away in droves; so much so that one estimate says that one-third of total man-hours of work are lost to production.

Says Rabochaya Tribune, a workers' paper: "Long hours in the queue for food and drink, the fact that the worker gets paid whether he works harder or not, coupled with our obsolete technology, are the cause of falling produc-

The huge price rises are hardly an incentive. There are fears that workers will leave the state sector in increasing numbers to try for work in the fledgling private distribution and service sectors in an attempt to cope with spiralling inflation.

Others are expected to try to find their way to the West despite new barriers against the emigration of citizens.

President Gorbachev is caught up in a vicious cycle of empty shops, demonstrators on the streets as a result. emptying factories and mines and wilting production. -GEMINI NEWS

Exchange Rate: \$1=0.6

consequences

provoked

from German unifi

cation felt throughout

Europe have led to Spain, once

the poor man of Europe, today

holding the strongest currency

A year ago, the process of

widespread fears that

European partners in the

European Monetary System

(EMS) would dance to the tune

set by the Bundesbank, the

Germany then had the lowest

inflation rate and the highest

trade surpluses with its

European Community (EC)

partners. This made its cur-

rency, the D-mark, the

strongest in the Exchange

Rate Mechanism, the frame-

work linking all EC member

then. The threat from

Germany today is less of an

economic juggernaut overpow-

ering the rest of Europe than

tion of ordinary east Germans

over the fate of their crum-

bling economy, and the fear

Such has been the frustra-

Much has changed since

The reason was that

Germany central bank.

on the continent.

unification

currencies.

one of despair.

income/prices ratio, the USSR Charles Quist Adade is a Ghanatan journalist studying falls far behind many countries. Recently, after comparing for a PhD at Leningrad Univaverage wages, tax deductions

CHIBA (Japan) ASEAN 1990 food exports to Japan reach Among French wine cellars. US\$31.6 billion. by Haruko K. Watanabe Norwegian smoke salmon and a big Nestle coffee parlour, the ASEAN Booth presents a dis-'tinguished ethnie food flavour

Tokyo is Asia's Biggest Market

seasoning of his products carried the right touch of hot ethnic flavour to meet the delicate taste of Japanese con-

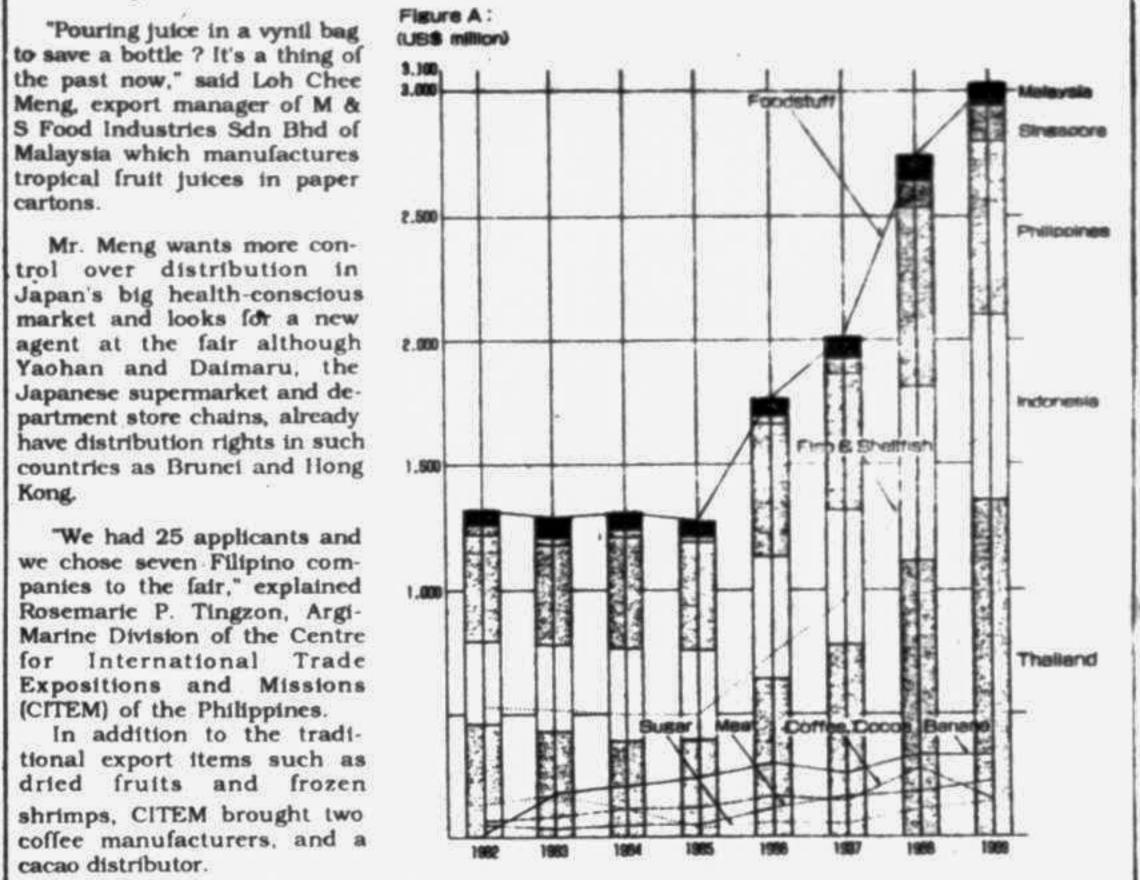
Indonesia's largest instant 'ramen' (Chinese noodle) producer, Indofood Group, which dominate 90 per cent of the Indonesian market, seeks one container-load or 72,000 packages of ramen export to Japan in 1991.

With funding from the Japanese government, the conference rooms and interpreters for business transac-

I check the hygiene in the processing and the freshness of materials used in export foods before I make any suggestions to the trade authority of the government. But it is the government which makes the final selection of exhibitors, said Ken-ichi Kuroi, an ASEAN centre consultant

The ASEAN Booth is the

Import Trends of Foodstuffs from 5 ASEAN countries to Japan



Tokvo-based Promotion centre on Trade Investment and Tourism simply known as the ASEAN Centre - has set up an ASEAN Booth at Foodex since 1987. This year, the ASEAN Centre invited 40 companies selected by ASEAN governments.

Food exports from ASEAN countries to Japan have been rapidly increasing from US\$20 billion in 1986 to US\$31.6 bil lion in 1990 - a 60 per cent increase over five years.

Prior to the exhibition, the ASEAN centre dispatched con sultants to brief the govern ment and conduct marketing seminars and on-the-spot advice to local manufacturers. During the fair, it provided

biggest activity of the trade division of the centre with a US\$200,000 budget covering exhibit expenses and airfares.

Yutaka Nomura, Secretary-General of the ASEAN Centre and a former ambassador to Sweden, said that ASEAN and Japan will increase the mutual understanding through food trade as food also represents the culture of a people.

The Malaysian ambassador, Datuk H.M. Khatib, who represented ASEAN, urged manufacturers to establish business networks and to study Japan's strict food regulations and requirements as they have to face tough competitions from US and European companies. -Depthnews Economic Service.

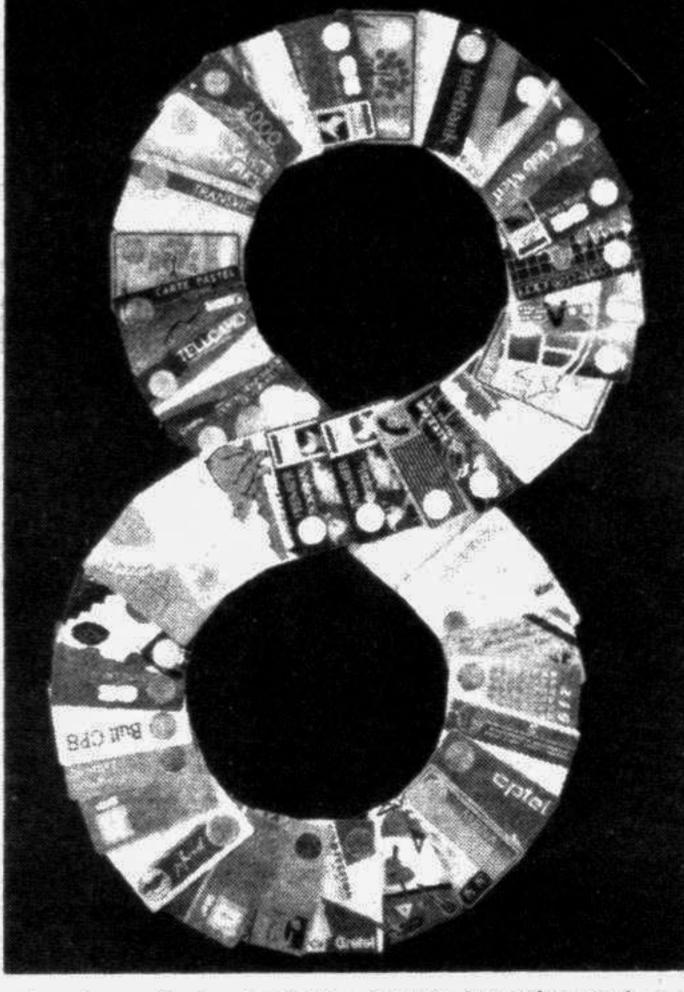
A Thousand Uses for the Smart-Card

INCE its invention more than ten years ago by a Frenchman, Roland Moreno, the problem with the smart-card has been to decide if it should be used only for a specific purpose or if it should be multi-purpose. This is the reason why the "memory card", that little plastic rectangle containing a microchip, has had some difficulty getting off the ground.

At the end of the seventics, all kinds of innovators marvelled at the technical possibilities of the memory-card and dreamt of a multi-purpose card on which all kinds of information could be stored, so long as it was "translated" into binary language (0 or 1): one's civil status and health record, one's bank account and one's car documents, etc.

But there was a disastrous mistake in marketing. Instead of concentrating their efforts on a target, the promoters of the card lost out on efficacy by going in all directions. The result was that, instead of appealing by its practical side, the smart-card caused fear. making people think they would no longer be free and that their confidential information would be available to all. Was there not a risk of the card's revealing that one suffered from a particular disease?, the consumer wrongly wondered. And what would happen if the card was

These fumblings and, perhaps, also the brake applied by those who feared that traditional plastic cards (with a magnetic strip) would lose out, slowed down the breakthrough of the smart-card. But they did not really understand its success. The biggest success came in the use of phonecards, used



in phoneboxes. So great was its success in this area that the French word "telecarte" was accepted in its dictionary by the "Academie Francaise" last

But other applications have been found for the smart-card which is often linked with the function of payments. In Deauville, Le Mans and Deuilla-Barre (in the Paris region). it can be used to pay parking-

meters. It is also used to pay the toll on motorways or for public transport (bus, train or Metro) with the fares being modified according to whether one is travelling in the rush hours or not. The idea is the

The card can also be used as a pass to allow access to highly protected premises (at the university residence in Nancy, for instance). It can

same in all these cases.

can also be a real identity card for a vehicle, making it possible to fight against its being stolen. All these applications have already been tested or adopted. Certain universities have displayed even greater boldness. In Lille, in the north of France, 15,000 students have their university file stored in a

even be used for "electronic

navigation" in a car. A large

number of itineraries are pre-

recorded on the microchip

and, thanks to a reader, they

indicate the route to take. It

microchip giving their complete education. The same card is used to pay for the university restaurant and for photocopies. Certain cards combine a particular function at the university with other uses in town. In Lille, students can use the same card to go to the cinema or, in Dijon, to pay for public transport. The success of the card has

spread well beyond France's frontiers: in Finland, Great Britain and the United States, the smart-card is used in universities. In Rome, for instance, a student uses it to sign on and pay his university fees, but also for assessing his assiduity at lectures and in assignments, to see if he qualifies to sit for exams and even to assist with study guidance.

The biggest difficulties arise when it comes to the health of the consumers, an area which had seemed very promising. When people think of health, they think of protecting their private lives, an area in which France is particularly vigilant.

-Francoise Baroche

among west Germans over CCA snack Foods, claimed the what unification has cost them, that many now believe the depression in the eastern part of SPAIN LEAPS AHEAD OF the country will push its western, wealthier half into reces-This despair was clearly vis-**EUROPEAN CURRENCIES**

ible in early April after the murder of Detlev Rohwedder, the chief of the Truhand privatisation agency, which is charged with disposing of thousands of formerly stateowned and now uncompetitive companies in east Germany. But Germany's relative

weakness has opened the way for its European partners to step out from behind its shadow and project economic strength of their own. And prominent among the new performers is Spain.

The Spanish peseta today tops the table of currencies linked within the ERM, followed by Britain's sterling. The D-mark, on the other hand, has drifted down to just below the middle of the league table. The Spanish economy grew

by 3.6 per cent in 1990, and growth has been forecast at 3.0 per cent this year after fears that the Gulf War might push the country into recession. In fact, the early end to the war has allowed a strong rebound for Spain as foreign investors take an increasing shine to its economy.

Spain's rising star has been bolstered by the continuing fortunes of its ruling Socialist Workers' Party, led by Prime Minister Felipe Gonzalez.

Having thrown off much of Spain's fascist legacy borne under General Franco, the Socialists have held power during the last decade at just the point when the wider world economy underwent its recovery from the 1981 reces-

Germany's relative weakness means, for example, that when Britain looks to cut its own high interest rates to ease it slingering recession, London is constrained less by Frankfurt than by Madrid and the current strength of the pe-

. For the disciplines of the ERM which Britain joined last

ones as represented by the continuing strength of the

The German economic giant, which looked set to dominate the European Monetary

System, has been heavily affected by reunification. And as Gemini News Service

reports, this has enabled the weaker European partners to project new strength. For

Dollar worldwide. In currency terms, developing countries with high inflation know the experience of struggling to export their goods in a currency which continually changes its value.

Not knowing whether exports will provide a profit or a loss because of sudden currency fluctuations makes it most difficult for a country to plan for the future. Of course, recovery for

Spain from the effects of the Gulf War could just as easily lead to an overheating of its

2% 2.25% 3%

economy. For Spain's high inflation rate of 5.9 per cent, down from 6.7 per cent at the beginning of the year, is second only to Britain's current inflation rate of 8.9 per cent.

> The fact that both high inflation countries have the two strongest currencies in Europe does appear to mock the ERM as an anti-inflationary tool.

Germany, on the other hand, traditionally known for its sound economy, now faces an expanding money supply from greater spending in east Germany, which could usher in severe inflation in 1992.

PESETA Spain POUND LIRA FRANC GUILDEF Ireland

Currencies of ERM measured against weakest currency in 2.25% fluctuation band

Frauds and Bad Debts: The Great Bank Robbery

by Prakash Chandra

ISUSE of banking chan- (US\$40 million). And in 1989, ping sum of 48,000 million the biggest loser among eight nels, once unknown in ▲▼▲ India, is now a familiar phenomenon.

Senior officials admit that faulty policies pursued by government agencies are aiding bank frauds. Banks are using secrecy

laws to cover up frauds. These allow banks to conceal their write-off amounts, bad and doubtful loans and such other sensitive details. Parliament's Estimates

Committee had drawn pointed attention to the banks' licence to conceal anything under the garb of bad debts. It called for an open system of bank accounting. But analysts note that the report is gathering dust on the shelves of some Ministry.

The Reserve Bank of India detected more than 2.000 cases of fraud involving more than 500 million rupees

there were more than 1,500 cases of frauds and hundreds of millions of rupees were involved.

Eight public-sector banks were recently declared "sick" because they were not able to recover all the loans they had provided to the private sector. Now these loans are difficult to recover and some have to be

written off as bad debts. And yet nationalised banks' profits jumped from 2,600 million rupees (US\$208 million) in 1987 to 3,650 million rupees (US\$292 million) in

A revealing fact is that towards the end of 1987 outstanding loans to industrial companies, which are unable to pay their debts, stood at some 50,000 million rupees

(US\$4,000 million). At the same time, a whop-

rupees (US\$3,840 million) is locked up in rural loans given out to villages, and there is no hope of recovering such debts.

Officials admit that the government has no plans of making the farmers pay back these loans given out for sinking tubewells and using better farming practices.

Officials who carried out a survey found out that as many as 51 per cent of demand drafts purchases against cash payments of over 100,000 rupees (US\$8,000) at six sample banks were related to unaccounted transactions.

The officials felt that this could be the cause of an approximate tax leakage of about 4.000 million rupees (US\$320 million) annually on a countrywide basis.

Recently, the United Commercial Bank emerged as badly performing banks. According to the Reserve

Bank of India, for the last three years loans amounting to more than 7,870 million rupees (US\$629.6 million) have been called sticky, or bad It was described as the

great bank holdup. A crackdown by the Reserve Bank of India and the Banking Division of the Finance Ministry on the eight banks which were losing money showed that they were window-dressing their accounts-by manipulating their financial position in order to show profits. Digvijay Singh, Deputy

Minister of Finance in charge of the Banking Division, says "We do not went the banks to sweep things under the carpet.

-Depthnews